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State of New York.

UNIV. OF MICH
FEB 26 1908

ANNUAL MESSAGE

OF THE

GOVERNOR

OF THE

STATE OF NEW YORK.

TRANSMITTED TO THE LEGISLATURE JANUARY 5, 1864.

ALBANY:
COMSTOCK & CASSIDY, PRINTERS.
1864.

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State of New York.

No. 2.

IN ASSEMBLY,

January 5, 1864.

GOVERNOR'S MESSAGE.

EXECUTIVE CHAMBER,
ALBANY, *January* 5, 1864.

To the Legislature:

During the past year the people of New York have had reason to be thankful to Almighty God for the blessings of health and abundance. Our mechanics have been actively employed, our farmers have been rewarded with generous returns for their labor. The benefactions of our State have been liberal to those suffering from want or infirmities.

The annual reports of the State charitable institutions will be submitted to you. That of the State Lunatic Asylum shows that on November 30th there were 534 patients therein, being an increase of twenty over the beginning of the year. One hundred and eighteen patients were discharged, recovered or improved. On December 1, there were three hundred and thirty-one pupils under instruction, two hundred and fifty-seven of whom are beneficiaries of the State, in the Deaf and Dumb Asylum, and one hundred and fifty-one pupils in the Institution for the Blind.

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There has been an average of one hundred and forty pupils during the past year in the Asylum for Idiots, which was its full capacity; of these, one hundred and twenty-three were beneficiaries of the State. The Inebriate Asylum will be opened during the present month. The enhanced prices of the necessaries of life will render the patronage of the State peculiarly important, and these noble charities will undoubtedly receive at your hands that continued support to which they are justly entitled.

I renew my recommendation for the appointment of a member of the medical profession as a Commissioner of Lunacy, whose duty it shall be to examine into the condition of the insane confined in the alms-houses, jails and private lunatic asylums.

Staff Reports.

The annual reports of the members of my military staff will present much important statistical matter as well as correspondence of interest. They embrace a detailed account of the number of volunteers raised, organization of militia, their service in Pennsylvania and Baltimore, condition of the State arsenals and armories, the fortified defences of the State, the details of the medical department, the relief afforded to sick and wounded soldiers, and other facts for your consideration.

The Bureau of Military Statistics is accomplishing the objects of its mission. Its collections embrace invaluable official and historical material, illustrating the part the State has taken in the war, biographies of volunteers, histories of regiments and other organizations, and an account of the aid afforded by towns, cities and counties. No other

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State has so systematically entered upon the work of preserving these important records, so honorable to our people and so justly due the brave men who are risking their lives, and those who are so munificently responding to the demands of the period.

Veterans of 1812.

By an Act passed by the Legislature, in 1859, the amount due the New York soldiers of the war of 1812 was ascertained and certificates were given therefor. The honor of the State and justice to a suffering class of men require that these certificates should be paid by the State and be held as claims against the General Government.

Educational.

The condition of the Colleges and Academies will be exhibited in the Report of the Regents of the University. While these institutions have liberally contributed to the rank and file of the army, their present numbers are but little diminished below those of former years. Amid the agitations of war the cause of liberal learning has not been neglected.

Common Schools.

The Superintendent of Public Instruction reports as follows:

Moneys appropriated for the support of Common Schools during the year, from the following sources, viz:	
Public School Moneys, including ¾ mill tax	$1,345,247 64
Voluntary taxation in the School Districts	2,095,719 71
Rate bills	363,756 48
Other sources	76,731 13
Total	$3,881,454 96

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Expended during the year:	
Teachers' wages	$2,726,198 10
Libraries	29,522 22
Apparatus	132,043 44
Building and repairs	430,488 75
Miscellaneous	539,747 75
Total	$3,858,900 26

STATISTICAL.

Total number of children between the ages of four and twenty-one years	1,356,900
Number of children who have attended school at any time during the year	887,570
Teachers employed at the same time for six months or more	15,701
Whole number of teachers employed	26,213
Whole number male teachers	6,401
Whole number female teachers	19,827
Total number of school districts	11,742
Total number of school houses	11,749
Number of months' school	88,734
Number of months' school by qualified teachers	88,659
Average number of months' school	50
Number of volumes in district libraries	1,175,335
Number of pupils attending the Normal School during the year	279
Number of teachers instructed in Teachers' Institutes	8,771
Number of teachers in Teachers' Classes in Academies	1,562
Amount of money to be apportioned by the State Superintendent of Public Instruction for the support of common schools for the current fiscal year	$1,419,841 11

In view of the dignity and value of the office of Teacher, I urge upon the public the duty of giving an enlarged pay for their services at this time when the expenses of living are heavily increased. The pay of most classes of persons in public or private employment has been increased. It would be disreputable to our people if those who educate their children should be excepted from this rule. In no other way can competent teachers be retained.

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I commend to your favorable consideration the Society for the Reformation of Juvenile Delinquents in the city of New York, and the House of Refuge of Western New York.

State Prisons.

The Inspectors of State Prisons report that these institutions have recovered from the embarrassment under which they labored during the two years immediately succeeding the commencement of our national troubles. The prostration of business had a serious effect upon prison labor and prison finances.

Parties holding contracts for prison labor were in many cases largely engaged in southern trade. The cessation of that trade, the losses of debt which grew out of it, and the closing up of the ordinary channels of business, necessarily caused serious losses. But during the past year there has been a decided improvement, and the total cash receipts of the three prisons during that period

Are reported at	$256,195 69
The earnings for the same period are stated at	228,330 71
And the expenditures for the same period for the support of the prison, not including buildings and repairs, are stated at	266,580 80

A portion of the receipts, however, are to be credited to the arrears that accrued during the previous two years.

The Inspectors have for several years earnestly requested that Sing Sing prison be placed in a more secure and favorable position by having a proper guard wall constructed. The absence of such wall makes a larger force of officers and guards necessary, and therefore there is, compared with other prisons, a larger yearly expense for guarding the prison.

The pay roll at Auburn averages per month	$2,861 00
At Clinton	2,408 00
At Sing Sing	4,354 00

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The average number of convicts the past year is stated as follows:

Auburn	772
Clinton	435
Sing Sing (male and female)	1,078

The number of convicts in prison September 30, 1863, is reported at:

Auburn	722
Clinton	392
Sing Sing (male and female)	967
	2,081

The number of cells at

Auburn	992
Clinton	544
Sing Sing (male and female prison)	1,308

By recent acts of the Legislature convicts can, by good behavior, shorten the terms of their imprisonment twenty-four days in each year. I advise an extension of this system. It should be so graduated that it will give more encouragement to convicts sentenced for long terms. Those who behave well for many years give stronger evidences of reformation than can be shown by those confined for shorter periods. An allowance for good conduct should be made of one month on each of the first two years; of two months on each succeeding year to the fifth year; of three months on each following year to the tenth year; and of four months on each remaining year of the terms of their imprisonment. Under this system a person sentenced for five years can reduce his term to four years and four months; those for ten years to eight years and one month; those for fifteen years to eleven years and five months.

This will be humane and wise; it will encourage hopes and form habits essential to reformation. It will not un-

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duly shorten the terms of imprisonment, as it will be taken into account by our courts in making sentence. It will improve the discipline of prisons and save the necessity for degrading punishments. It will diminish the number of pardons, which are always attended with great evils, and finally it will return the convict to society with such proofs of good character as will give him self-respect and the confidence of his neighbors. I earnestly urge the subject upon the attention of the Legislature. I also advise that the Inspectors of our Prisons be allowed to give the convicts, upon the same principles, the benefit of their good conduct in the past.

The Prison Association of New York is required by law to inspect the prisons in the State, and to report to the Legislature their condition. The work of inspection has been thoroughly performed. All the State prisons, the penitentiaries, and the county jails, with but few exceptions, have been visited and examined. The report of the association will lay before you the results of this investigation. I trust that the suggestions of this report will be considered by you. As the law imposes upon the Prison Association an annual examination of our prisons, I recommend a renewal of the appropriation to that end.

State Banks.

The annual report of the Superintendent of the Banking Department shows that there were three hundred and nine banks, with an aggregate capital of $109,258,147, doing business on the 30th day of Sept., 1863, and that fifty-one banks were closing business voluntarily and from insolvency.

The total amount of circulation issued by that officer on the 30th of September last, was $42,192,645. Of this

amount $35,252,219 was issued to banking associations and individual bankers, and is secured as follows:

Bonds and mortgages		$3,862,097 47
New York State stock	$17,343,140 10	
United States stock	15,797,850 00	
Illinois State stock	350,933 33	
Cash in deposit	108,280 86	33,600,204 29
Held for incorporated banks under special laws,		76,934 84
		$37,539,236 60
Aggregate held September 30, 1862		36,442,310 98
Increase for the year		$1,096,925 62
Increase in secured circulation during the year.		989,770 00

The increase and decrease in the kinds of security held, have been as follows:

Increase in U. S. stock	$3,898,400 00	
Increase in cash	16,205 96	$3,914,605 96
Decrease in N. Y. S. stock	1,679,759 00	
Decrease in st'ks of other States.	87,533 34	
Decrease in b'ds and mortgages.	1,050,397 00	2,817,680 34
		$1,096,925 62

Our Banking system, which has been tested by time, and has grown up with the business of New York, is threatened by an untried financial scheme of the General Government. It is proposed to build up in the place of State Institutions an organization with all the moneyed power of a National Bank, with the insecurity and discount upon its currency which must attach to the bills of corporations issued in remote or inaccessible points in the States or Territories, and which have no common centre for their redemption. I advise some legislation for the protection of our State system. This great commercial State must not, in the event of the failure of the National

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scheme, be left without either currency or organization to carry on the business of our community.

National Banks.

I am informed by the Comptroller of the Currency that seventeen banks, with an aggregate capital of two million one hundred and forty thousand dollars, had, on the 10th of December last, been organized in this State under the National Currency Act. Three of these banks, with a total capital of one million dollars, are in the city of New York.

Salt Springs.

The annual report of the Superintendent of the Onondaga Salt Springs shows an inspection during the year 1863 of about eight million bushels, which exceeds that of 1862 by nearly one million bushels. The duty received last year amounts to about eighty thousand dollars.

Finances.

The Comptroller, in his annual report to the Legislature in January last, estimated the deficiency in the revenue of the General Fund at about seven hundred and fifty-five thousand dollars. The large appropriations made in the Supply bill, and in special acts, increase this deficit to nearly twelve hundred thousand dollars at the close of September, as will be seen below:

STATEMENT OF THE GENERAL FUND.

Balance in the Treasury to the credit thereof on September 30, 1862	$821,612 11
Receipts of the year	7,821,891 87
	$8,643,504 08
Payments	9,836,291 85
Deficiency September 30, 1863	$1,192,787 77

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OTHER FUNDS.

Balance in the Treasury to the credit of all the funds except the Canal Fund, September 30, 1862		$1,355,732 02
Receipts of the year		10,821,972 54
		$12,177,704 56
Payments		12,711,993 72
Treasury overdrawn, Sept. 30, 1862		$534,289 16

The following are the principal appropriations made by the Legislature of 1863, not embraced in the annual estimates:

For bounties to volunteers	$3,000,000
For harbor and frontier defences	1,000,000
For purchase of arms	400,000
For sick and wounded soldiers	200,000
For Supply bill, about	637,900
	$5,337,000

Of this about two millions one hundred thousand dollars has been drawn at the close of the fiscal year. To meet the draft for bounties to volunteers, the Comptroller made a temporary loan of two million dollars. This will have to be increased to three millions.

State Tax.

There was levied in 1863, a direct tax of five mills on the dollar on the assessed valuations of the property of the State, for the following objects: three-fourths of a mill for schools; three-eighths for canals; two mills for general purposes; one and eleven-sixteenths for bounties; and three-sixteenths for the Albany and Susquehanna railroad. The aggregate proceeds of the State tax levied in 1862 and received during the last fiscal year, was $5,749,930.71.

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Canal Fund.

Balance of the Canal Fund Sept. 30, 1862		$4,589,903 83
Received during the fiscal year for Canal tolls, rent of surplus water, interest on revenues, &c.		6,722,268 45
		$11,311,572 28
Payments during the same period:		
For redemption of stocks	$733,300 00	
For interest on stocks	1,381,995 75	
To Canal Commissioners, repair contractors, superintendents, collectors and weighmasters	1,132,532 85	
Miscellaneous objects	1,188,126 46	
		4,435,955 07
Leaving a balance to the credit of the Canal Fund, in the treasury and invested, on Sept. 30, 1863, of		$6,875,617 21
Revenues for the fiscal year ending 30th Sept., 1863:		
Canal tolls		$5,028,431 32
Rent of surplus waters		1,160 00
Interest on current revenues, &c		58,016 50
Miscellaneous receipts		30,888 52
		$5,118,501 35
Payments during the year for repairs, salaries, &c.		770,882 52
		$4,347,618 81
Payments to sinking funds, &c		3,366,242 00
Remainder		$981,376 17

The receipts from canal tolls for the navigation season of 1863 was $4,645,095.27, being a falling off as compared with the preceding year of $543,848.

Internal Carrying Trade.

The following exhibits the extent of the carrying trade of the State in 1863:

Tonnage of Canals for 1863, estimated	5,400,000 tons.
Tonnage of Railroads to Sept. 30, 1863, ascertained	4,720,602 "
For the year	10,120,602 tons.

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Estimated value of property carried in 1863:

On the Canals	$240,000,000
On the Railroads	207,680,000
For a single year	$447,680,000

CANALS.

A deep interest is felt with regard to our commerce with the Western States. Its growing value and the loss of our trade with the Southern States make us dependent for our commercial prosperity upon that section of our country which sustains our domestic and foreign commerce, and which adds so largely to the imports and business prosperity of the city of New York. This State will be untrue to itself if it fails to control this great source of wealth by a vigorous and generous policy. Rather than suffer its diversion into other channels we should strike off all tolls upon Western produce. A number of projects for enabling vessels to pass from the Mississippi river to the harbor of New York have been brought to the public attention. By one it is proposed to enlarge the locks on the Erie Canal to admit of the passage of gunboats. Another plan is the construction of a ship canal around the falls of Niagara, and the enlargement of the locks between Oswego and the city of Albany. The third project is the enlargement of the locks between the Hudson river and Lake Champlain, and a more perfect connection between that lake and the St. Lawrence. New York should exhibit that degree of interest in all measures designed to benefit the West, which will show our purpose to keep up the most intimate commercial relationship with that portion of our Union. The rates of tolls charged upon transportation should be

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governed by the interests of this commerce and not by the amounts which may be paid directly into the treasury of the State. The increase of our wealth from the growth and value of this commerce can be made to add far more to the income of the State than the entire receipts from all our canals. The tolls they pay are of little importance compared with the wealth and prosperity which the domestic and foreign commerce of our country diffuse among all classes of our citizens.

Chenango Canal.

I recommend an appropriation to extend the Chenango Canal, so that it may be connected with the coal fields of Pennsylvania. This will make that work productive to the State, and give value to the deposits of iron ore along its northern section; it will also lessen the cost of fuel. The importance of this is now felt in every part of our State. Our system of internal navigation will not be complete until this is done and the people of the State will not be free from combinations to increase the price of fuel until one of the channels by which it is brought into the State shall, under its control, regulate the price of transportation of an article essential to the comfort and to the business and manufacturing interests of our country.

Obstructions in the Hudson River.

I recommend a further appropriation for the removal of obstructions in the Hudson River. The money expended under the act of the last Legislature has improved the channel, and a further small sum will enable the Commissioners to make great additional improvements.

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Foreign Commerce.

The destruction of American shipping by armed privateers has been disastrous to our carrying trade. I submit, with the documents accompanying the Message, a statement prepared by a prominent commercial editor, to which I invite your earnest consideration. From this it appears that one hundred and eighty-four vessels, aggregating 84,871 tons, and, with their cargoes, valued at $15,000,000, have been destroyed upon the high seas. Yet this amount shows but a small part of the injury and loss we have suffered. The following figures will afford an idea of its extent:

	Value under American flag.	Value under Foreign flag.
Foreign carrying trade in 1860	$234,000,000	$150,000,000
Foreign carrying trade in 1862	150,000,000	238,000,000
Foreign carrying trade first two quarters in 1862	55,090,000	146,000,000

This loss falls mainly upon the city of New York. These alarming and humiliating results demand the immediate and earnest attention of the State and National Governments.

Immigration.

During the past year there was a very large increase in immigration from foreign countries to the port of New York, the number arrived being 156,843 against 76,306 in 1862. This is the largest immigration, one year excepted, since 1855. From information received, it is believed that there will not be much, if any, diminution in the emigration from Europe while the demand for labor continues and is so well paid.

Constitutional Amendment.

The two Houses of the Legislature, at their last session,

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adopted a concurrent resolution proposing an amendment to the Constitution, having for its object the speedy disposition of the business which has accumulated in the Court of Appeals. If it receives your approval, it may be submitted to the people at an early period in the present year. Delay in the administration of justice is a public evil, and it is especially so where it occurs in a court of last resort. The constitution of the Court of Appeals brings a large proportion of the litigation arising in the numerous tribunals before it for ultimate adjudication. Hence the court was overburdened from its organization, and, notwithstanding the industry of the judges, the arrearages have been steadily increasing, until a remedy cannot be postponed. The proposed amendment, if established, will enable the present court and the additional tribunal to dispose of the arrears and keep down the accruing business, until some other system respecting the judiciary shall be adopted.

The approach of the time when the people will have to determine whether a Constitutional Convention shall be called, ought not to operate against the proposed measure of relief. Should a convention be held, the delegates could not be chosen before the year 1867, and probably not less than two years will be required to frame a new system and put it in operation. If the proposed amendment should be perfected, the relief would be nearly immediate, as the commission might be enabled to commence its services during the present year.

The Enrollment and the Draft.

Congress, at its last session, passed an act for drafting citizens into the army. It wrought a change in the public

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feeling with regard to military service, and all, without respect to political views, tried to evade its operations. It has proved injurious to the civil, industrial and military interests of the country.

I called the attention of the President of the United States to the inequality in the enrollment. The wrong was partially corrected by reducing the numbers called for in those districts where they were excessive to the average number in the other districts of the State. New York is required to furnish more than other States in proportion to its population. This is shown by the following tables:

The average ratio of enrollment to the male population in the Western States, is	19 per ct.
In New Jersey	20 "
In Pennsylvania	18¾ "
In the New England States it is	17 "
In the State of New York it is	22 "
Massachusetts, with ten Congressmen and a population of 1,231,066, has to furnish, under the recent call for 300,000 men	15,126
The first nine Congressional districts of the State of New York, with a population of 1,218,949, are called upon for	25,166
Excess in nine Congressional districts in New York over ten Congressional districts in Massachusetts	10,040
The quota of Vermont and New Hampshire, with a united population of 641,171, and six Representatives in Congress, and four Senators, is	7,099
The quota of two Congressional districts in New York, the 4th and 6th, with a population of 283,229, is	7,628

It is not claimed that this inequality grows out of any deficiency of volunteers heretofore furnished by this State.

Messrs. James A. Bell, O. C. Kellogg and Wm. H. Bogart, at my request, called the attention of the Secretary of War to this subject. He promptly appointed William F. Allen, of this State, John Love, of Indiana and Chauncey Smith, of Massachusetts, a commission to determine upon some fair mode for correcting these glaring inequalities.

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The quota of this State under the draft, after deducting credit on former calls, was sixty-eight thousand men.

Number of conscripts examined	77,862
Number exempted for physical disability and other causes	53,109
Number who paid commutation	14,073
Number of substitutes obtained	6,619
Number of conscripts held to service	2,557

The failure of conscription, in comparison with volunteering, is shown by results in this State.

Volunteers raised by State authorities from January 1st, 1863, to this date	25,324
Recruits sent to regiments in the field	1,653
Enlisted by Provost Marshals	11,060
Re-enlistments in the field (estimate)	10,000
Substitutes (volunteers in fact)	6,619
Enlisted by Provost Marshals since December 31	1,500
	56,156
Total number of conscripts who were delivered at military stations	2,575

Like results are conspicuous in all parts of our State and in all sections of the country—in New England, Pennsylvania and the West.

By an arrangement with Col. Diven and Major Townsend, volunteering under the last call, except in the first ten districts, was conducted under the direction of committees for the several Congressional Districts, appointed jointly by the State and National authorities. In the first ten districts, including the cities of New York and Brooklyn, the whole matter was left in charge of Gen. Hays and the local authorities. I am not advised of the results in that part of the State, but in the other twenty-one districts the system adopted has been successful.

The attempt to fill our armies by drafting was abortive. While it gave no useful result, it disturbed the public mind,

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it carried anxiety and perplexity into the workshops, the fields, and the homes of our citizens.

It not only fails to fill our armies, but it produces discontent in the service; it is opposed to the genius of our political system; it alienates our people from the Government; it is injurious to the industrial pursuits of the country.

The difficulty in getting recruits is owing, in part, to the exhausting demands which have been made for that purpose. But it is also owing to other reasons; and among them attempted coercion is foremost. Congress attempted to keep up the number of men in the field without regard to State or local government, and it set aside those numerous minor local organizations, whose united contributions of men have made up our vast armies. By efforts to make itself independent of popular and local influences, the General Government impaired its power to get recruits.

It is asked why a draft should not succeed at the North as well as at the South? Our soldiers would cheerfully undergo the hardships not only of a coerced but of an unpaid service, if the condition of the country demanded these sacrifices. They would, as the soldiers of the South do, readily share in the privations of their fellow citizens. But, upon the same principle, they have a right to share in the prosperity of the community when so many are enriched by the operations of this war, and when those who stay at home enjoy unusual wages. While our Government and people are financially prosperous, our armies ought to be filled by bounties, and not by coercion. Government is

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bound in equal justice to give our soldiers the same pay which labor earns at home. Another difficulty is the depreciation of our currency. While farmers or merchants who sell, or the laborer who works for wages, avoids the depreciation by increased price or pay, the soldiers have lost one-third of the value of their pay; for the money they get is worth less by thirty-three per cent. than when the war began; hence their families are suffering.

When this cruel war is over and our soldiers return to the field or the workshop, their labor will be taxed with that of all other citizens to pay the debt it heaps up. Why should they not have a fair share of its expenditures? they will have to bear their share of payment.

The law of Congress was designed to keep up the number of men in the field with the least possible public expense. Its workings are the reverse of this. It has proved a levy upon property rather than a draft upon persons. The act of forcing citizens from their homes is repugnant to the feelings of the people. State, local and municipal governments have avoided such painful scenes by the imposition of heavy taxes and the payment of large bounties to volunteers. This will continue to be the effect of every attempt at coerced military service, and with still increasing taxation. Prior to 1862 our armies were mainly filled by those who accepted the usual pay and bounties of our soldiers. In 1862, when it was proposed to make a draft under State laws, the local and State bounties were about $100. Last year, under the Congressional act, $300 were paid for volunteers in our principal cities. At this time, under the impending draft, the local, State and national

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bounties amount to $660. These local bounties do not prevent the exhaustion of our national treasury. They are given by the same taxpayers who uphold the national credit. They are more oppressive upon the industry of the country than they would be if they made part of the national debt, and were thus more fairly diffused over the whole country. The ten millions paid to Government for commutations were taken from a class of men who could ill-afford to part with their small earnings. It was more hurtful to the country than a diffused tax for one hundred millions of dollars.

The expense of raising troops is also increased by the unexpected and irregular demands of the Government for soldiers. Within the past eighteen months the Government has made calls upon the country for more than 1,200,000, and upon this State for 248,000 men.

These demands, coming unexpectedly after great armies had been sent into the field, embarrassed the business of the country. Many who, with time to make preparations, would have entered into the service, could not meet these unexpected requisitions. In addition to the confusion thus created, threatened drafts added to the popular excitement. Enormous bounties have been offered by States, towns and counties, in their anxious competition to get volunteers to avoid conscription.

Another flagrant evil incident to sudden and irregular calls, to be filled within short periods to avoid draft, is the opportunity afforded for heartless frauds, by which volunteers are entrapped into the service and cheated out of their bounties, because they are not advised of the advantages

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offered. Under a permanent and uniform system of volunteering, such outrages could not occur, as all classes would become familiar with its terms.

In keeping up our armies regard must be had to the industry of the people. If this is not done our military power will be destroyed. Our armies should not be allowed to run down until they are inefficient, and then be reinforced by convulsive efforts. These evils will be avoided if in the place of drafts and calls a permanent plan for recruiting is adopted and regiments kept up by a constant supply of recruits. The drain for men will be less hurtful, as it will make no sudden difficulties with the labor of the country. Reasonable bounties will induce volunteering; as time will be allowed to those disposed to enter the service to arrange their affairs without sacrifice. In addition to this continuous system of recruiting, the militia of the several States should be armed and equipped in the manner set forth in the National Constitution. They will be a reserve force to be called out to check disasters or to follow up the advantages of war. While the existence of such militia would thus ensure success to military operations, they would not be hurtfully withdrawn from the industry of the country. They would uphold the laws in their respective States and be a security against invasion from abroad. If our State and National Governments had obeyed the requirements of their several Constitutions, there would be more than a million of organized militia in the Northern States. They would have checked this rebellion at once. The negligence and false economy which led the State and National Governments

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to disregard the warnings of our fathers upon the subject of arming and disciplining our people have been fearfully punished. Ohio and Pennsylvania would never have been invaded, nor would New York at this time be insulted by threatening attacks upon its border cities and towns, if the militia of the States had been kept up. Wise statesmanship and economy demand a return to this system. If this is done, and a judicious plan for recruiting is adopted, there will be no necessity for drafts.

The safety of our country demands that the sympathy between our citizens and our soldiers should be kept alive. Our armies should feel that they are upholding a just and paternal Government, which respects their personal rights, the happiness of their families, the sanctity of their homes. If soldiers are to be raised by coercion, in a little time the mass of our armies will be made up of conscripts. No one can look without concern upon measures which shall force half a million of men from their homes. Our soldiers in the field have been animated and sustained through the dangers and hardships of the war by the encouragement and sympathy they received when they freely went to battle for their country's honor. Would this be true of an army of conscripts? The army must not be estranged from our people. They must not feel that they do not enjoy a full share of the protection of laws or of the prosperity of the country. The natural tendencies of all compact organizations, removed from the relationships of society and home, are towards concentrated action. This action will tell directly upon the policy of the Government, as by the laws of several States they are invited to vote in

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local and general elections in distant fields, in ways adapted to their organized and military condition there. A new influence, acting in an unusual form, is thus created in the conduct of affairs. A new fact exists in our system of government. While the President, as Commander-in-Chief, controls the army, the unanimous political action of the army will make the President. It is the part of wisdom to recognize every fact which tells upon the destiny of our country. It is folly to overlook the relationship which an army bears as well to political as to military affairs. Is it wise to destroy their sympathy with the body of our citizens, by forcing them into the field under circumstances of even apparent oppression, injustice, or wrong? Must we not keep alive in their hearts the sentiment that their interests in the country as citizens is far more important than those which they hold as soldiers? Can this be done in any manner so effectual as to preserve with sacred care every personal right, to exalt in the public mind the sacredness of persons, the security of homes, the protection of laws, the independence of the Judiciary, the subordination of military to civil authority? Is such enforced service as the act of Congress contemplates, consistent with sentiments, without which the Government cannot stand or social order be preserved?

Militia.

A well regulated militia is necessary to the security of a free State. The events of the past year show that neglect of this truth has exposed us to dangers of invasion, to the disgrace of riots, and to the hazards of still greater

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calamities. Until recently our arsenals were bare of arms, and our State was not only without means to repel invasion, but it was also unprepared to execute its own laws. The city of New York, the great centre of all financial and commercial movements, has been, until recently, unprotected. Its destruction would have paralyzed the action of the general government. The fortifications which were designed for its defence became its greatest danger. At any moment a few men could seize them, and with their armaments destroy the city and its shipping, with vast amounts of treasure, and of military and naval stores. To guard against such disasters, when I entered upon the duties of this office, I proposed to raise militia regiments which could be used to man these forts, and be drilled in the use of their heavy ordnance. Gen. Wool, who then commanded the Department of the East, at all times showed great anxiety to protect the city against sudden attack, but there were difficulties in the way growing out of laws of Congress and the rules of the War Department. Fortunately for our State and nation a few thousand men have kept up militia organizations, and have become skilled in discipline and the use of arms. This has been done without fair legislative support or public sympathy. On three occasions they have been called out to avert extreme peril threatened to the National Capitol, and they can fairly claim that if they had not kept up their organizations, great and lasting dishonor would have been brought upon our country.

In June I received dispatches from the Secretary of War and the Governor of Pennsylvania, asking for assis-

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tance against the invasion of the forces under General Lee. Orders were immediately issued to the militia to march at once for the capital of Pennsylvania. Our militia are entitled to the credit of making one of the most prompt movements recorded in the history of this war. On the 2d day of July I received the following dispatch from the Governor of Pennsylvania:

HARRISBURGH, July 2, 1863.

To His Excellency GOVERNOR SEYMOUR:

Send forward more troops as rapidly as possible, every hour increases the necessity for a large force to protect Pennsylvania. The battles of yesterday were not decisive, and if Meade should be defeated, unless we have a large army, this State will be overrun by rebels.

A. G. CURTIN,
Governor of Pennsylvania.

More troops were immediately sent off in pursuance of this urgent appeal. The State has just reason to be proud of the services rendered by our militia. The correspondence with the General Government, and the reports of the officers in command of the militia on this occasion, will be submitted to you.

At the last session of the Legislature, the Governor, the Comptroller of the State, and E. D. Morgan were appointed commissioners for the purpose of taking such measures as they might deem necessary for the protection of the harbors and frontiers of this State.

The harbor and fortifications at New York were visited and found open to attack by land and by armed privateers which were then burning our ships within sight of our coast. Government had withdrawn its troops, save an inconsiderable number, which could make no effectual resistance to any assault. Even the incomplete organizations of

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volunteer regiments which I had placed under the command of Gen. Wool for the purpose of defending the city, had been sent to the army to meet the invaders of Pennsylvania.

While the militia were thus absent from the city, and its forts and harbor unprotected, on Saturday, the 11th day of July, the draft, under the act of the last Congress, was commenced in one of the wards of the city. I was not advised of the step, and I believe the Mayor of the city was equally ignorant of the proceeding. A dispatch was sent to me by the Mayor of New York, informing me of a popular outbreak, on Monday evening, the 13th day of July, and on the following morning I reached the city and found it agitated with wild excitement and riotous violence. The militia were ordered to return immediately from Pennsylvania, and the following proclamation was issued:

To the People of the City of New York:

A riotous demonstration in your city, originating in opposition to the conscription of soldiers for the military service of the United States, has swelled into vast proportions, directing its fury against the property and lives of peaceful citizens. I know that many who have participated in these proceedings would not have allowed themselves to be carried to such extremes of violence and of wrong, except under an apprehension of injustice; but such persons are reminded that the only opposition to the conscription which can be allowed is an appeal to the courts.

The right of every citizen to make such an appeal will be maintained, and the decision of the courts must be respected and obeyed by rulers and people alike. No other course is consistent with the maintenance of the laws, the peaceful order of the city and the safety of its inhabitants.

Riotous proceedings must and shall be put down. The laws of the State must be enforced, its peace and order maintained, and the lives and property of all its citizens protected at any and every hazard. The rights of every citizen will be properly guarded and defended by the chief magistrate of the State.

I do therefore call upon all persons engaged in these riotous proceedings to retire to their homes and employments, declaring

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to them that unless they do so at once, I shall use all the power necessary to restore the peace and order of the city. I also call upon all well disposed persons not enrolled for the preservation of order to pursue their ordinary avocations.

Let all citizens stand firmly by the constituted authorities, sustaining law and order in the city, and ready to answer any such demands as circumstances may render necessary for me to make upon their services, and they may rely upon a rigid enforcement of the laws of this State against all who violate them.

HORATIO SEYMOUR, *Governor.*

NEW YORK, July 14th, 1863.

For the purpose of legalizing the most extreme exertion of force to put down violent resistance to law, I declared the city in a state of insurrection. It was divided into districts, which were placed under the control of persons of influence or military experience, who were directed to organize the citizens. Three thousand stand of arms were issued to these and other organizations. I endeavored by these arrangements to enable the police and the military to act against the masses of the rioters, and to relieve them from the fatigue of marching to distant points to check minor disorders.

To prevent the spread of violence I obtained from the Collector of the port the service of an armed vessel to traverse the rivers and bays in the vicinity of New York, and I also authorized the Police Commissioners to charter another steamer, which could be used to carry policemen and soldiers to any point on the shores or islands where disturbances were threatened.

The lawless acts which were excited by hostility to the draft, and which led to unjustifiable attacks upon the enrolling officers, excited the passions of those still more lawless, desperate and criminal. On the third day it became one of the most destructive riots known in the

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history of our country. Disregard for law produced its natural results, and life and property were endangered by acts of murder, arson and robbery. The firemen, with the most extraordinary efforts, checked the conflagrations which were kindled by incendiaries. The destruction of the asylum for colored children and murderous outrages upon a helpless and unoffending race, were conspicuous among other acts of cruelty and wrong. For a time the existence of the commercial metropolis of our country was threatened.

In the sad and humiliating history of this event, it is gratifying that the citizens of New York, without important aid from the State or Nation, were able of themselves to put down this dangerous insurrection. I do not underrate the value of the services rendered by the military or naval officers of the General Government who were stationed in that city, or those of Gen. Sandford, for the public are under great obligations to them for their courage and prudent counsels. But they had at their command only a handful of troops, who alone were entirely unequal to the duty of defending the vast amount of public property which was endangered. The rioters were subdued by the exertions of the city officials, civil and military, the people, the police, the firemen, and a small body of only twelve hundred men, composed equally of the State and National forces.

It gives a gratifying assurance of the ability of the greatest city of our continent to maintain order in its midst, that it did so under circumstances so disadvantageous, against an uprising so unexpected, and having its origin in

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questions deeply exciting to the minds of the great masses of its population, and in a measure to which a vast majority of its citizens were opposed.

While elsewhere houses, churches and charitable institutions have been destroyed by mobs and incendiaries' fires, there are few, if any, cases where the local population and the civil power, with but little military aid, have put down an insurrection of such proportions by such decisive measures. The number killed and wounded is estimated by the police to be at least one thousand. The judicial authorities have also punished a large number of guilty parties. The report of the District Attorney will be submitted to you.

The return of some of the New York militia regiments secured peace to the city.

The inability of the Government at that moment to defend its forts and public property is stated in the following extract from a letter of General Wool, written about a week before these outrages occurred:

Allow me to call your attention to the defenceless condition of this city. I have only five hundred and fifty men to garrison eight forts. One-half of these cannot be called artillerists, being very imperfectly instructed in any part of artillery duty. The Roanoke is ordered to proceed to Hampton Roads, leaving no vessel of war in the harbor or at the depot that can be available in less than ten days. The militia of this city and Brooklyn have either been or are being sent to protect and defend Pennsylvania, which is now paying dear for neglecting to take care of herself by guarding her frontier. Is it wise for New York to follow her example by neglecting to protect the city of New York, the great emporium of the country, and of more importance to the Government than all other cities under its control? If I had a sufficient number of men to man our guns, I might protect the city from ordinary ships of war, but not from iron-clad steamers. In our present condition, for want of men to man our guns, the Alabama, or any other vessel of her class, might, without fear of injury, enter our harbor and in a few hours destroy one hundred mil-

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lions of property. I have done all in my power to guard against the present condition of the city. The condition of the city is an invitation to rebels to make an effort to assail it.

Upon the receipt of this letter, I ordered militia from the interior of the State to man the fortifications. Unfortunately, Gen. Wool was compelled to request me to countermand this order. This prevented the militia from being placed in the fort and from aiding to put down the riot. I submit the correspondence with him upon this occasion as well as that held with him during the preceding winter and spring.

In November I received information from the Secretary of War that an attack was to be made upon the frontier towns of this State by refugees from the South, who had congregated in considerable numbers in Canada. I issued orders to Major General Randall, commanding the Eighth Division, to hold the National Guards under his command subject to the orders of General Dix, for the purpose of repelling any assault. I do not know how much reason there was to fear any invasion of New York. The Colonial Government will probably prevent any movement of that kind. But does it become the honor or dignity of the State to allow five hundred miles of its frontier to depend for its security upon the vigilance or power of another nation? Many of our principal inland cities, our lines of canal and railroads, lie at short distance from this extended border. A few thousand men could in a few hours inflict a vast amount of injury upon our citizens, and destroy structures upon our canals and railroads which could not be replaced before great injury would be inflicted upon the commerce of the country, There are enemies enough

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upon our borders to strike blows whenever the negligence or changed feelings of the Canadian authorities shall allow them to act, and New York has not arms or military organizations to repel them. Our State can only be made secure by arming, equipping and drilling our militia. If this is not done it will be a criminal neglect of the best interests, honor, and safety of the State.

The past year has been crowded with events, both civil and military, of the gravest interest. The establishment of a National Bank system; the issue of enormous amounts of paper money, which is made a legal tender; the adoption of a law for coerced military service; the act indemnifying and shielding officials charged with offences against the persons and property of citizens; the suspension of the writ of habeas corpus in peaceful and loyal communities, are measures which go far toward destroying the rights of States, and centralizing all power at the National capital.

The Executive and military officials assume to declare martial law and to arrest citizens, where the Courts are in undisturbed operation, to try them by military tribunals and to impose punishments unknown to the customs of our country; to administer arbitrary test oaths; to interfere with the freedom of the press and with State and local elections by military decrees and the display of armed power.

The President claims the right to do acts beyond his civil jurisdiction and beyond the legislative power of Congress, by virtue of his position as Commander-in-Chief. In this assumption he is sustained by both branches of Congress, and by a large share of the people of the country. These proceedings of Congress and the action of

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the Executive and military officials have wrought a revolution. These acts have been sustained by the army and acquiesced in by the people. The civil power, the laws of States and the decisions of the Judiciary have been made subordinate to military authority. At this time, then, we are living under a military government, which claims that its highest prerogatives spring from martial law and military necessities. This revolution, if permanently accepted, must be recognized as an overthrow of established and cherished principles of government. Hereafter it will force itself upon the attention of the American people, who will then see and feel its nature and results. To their decision in calmer hours this subject must be referred.

If these measures of military, political and financial consolidation break down, their failure will show the wisdom of the Constitution in withholding from the General Government powers it cannot exercise wisely and well; and it will establish the rights of States upon a basis firm and undisputed, and will make the General Government strong by confining it to its proper jurisdiction. In the end we shall return to the principles from which we have been drifting.

In the meanwhile, we are threatened with other calamities which demand our immediate attention. The rights of the people and the restraints of the Constitution can be re-asserted whenever the public shall demand their restoration, but it is beyond the power of the popular will to rescue us from the calamities of National bankruptcy or National ruin, when these have befallen us. The progress of events has brought us to a point where we are compel-

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led to contemplate these calamities and to consider how they may be averted.

While it is a duty to state plainly my views about public affairs, I shall do so in no spirit of controversy or of disrespect for the opinions of those who differ from me. The questions of the day are beyond the grasp of any mind to comprehend in their influences or results. We see them from different stand-points and we reach conflicting conclusions. None but the ignorant, the bigoted or the designing will make these differences of views occasions for reproach or contumely. The times demand outspoken discussions. When we see good and earnest men, under the influence of some absorbing sentiment, overlooking the great principles of good government, trampling upon usages and procedures which have grown up with the history of liberty in the civilized world, we are warned that none of us can claim to be above the influence of passions or of prejudices. While I do not agree with those upon the one hand who insist upon an unconditional peace, or with those, upon the other extreme, who would use only unqualified force in putting down this rebellion, I demand for them what I ask for those who concur in the views which I present, a fair, dispassionate and respectful hearing. Let not the perils of our country be increased by bigotry, by partisan passions, or by an unwillingness to allow opinions to be uttered in forms and modes in accordance with the usages of our people and the spirit of our laws.

Since the outset of the war the National Administration has asked for nearly two millions of men. To keep up our

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armies, the average annual calls have been for more than 400,000 men.

In addition to the loss of life, there has been a diversion of labor from peaceful and productive occupations to war, which destroys the accumulated wealth of the country.

The Secretary of the Treasury states the National debt will be sixteen hundred millions in July next. This does not include unascertained demands. In our former wars these latent claims have nearly doubled the liabilities supposed to exist during their progress. If the war should cease to-day, the National indebtedness could not fall short of two thousand millions of dollars. To this must be added the aggregate of State, county and town obligations. The cost of carrying on the war hereafter will be increased by larger pay to our soldiers, by interest accounts, by enhanced prices of provisions, transportation and material, growing out of a depreciated currency. The proposed issue of three hundred millions of paper money, under the National banking scheme, in addition to the vast sum now put out by Government, will add to the inflation of prices.

Conflicting views are held as to the amount of indebtedness which would cause National bankruptcy, and with regard to the length of time the war can go on without causing National ruin. All agree in this: that there is an amount of indebtedness which would overwhelm us with bankruptcy, that there is a duration of war which would bring upon us National ruin. The problem with which we have to grapple is: How can we bring this war to a conclusion before such disasters overwhelm us? These perils must be confronted

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Two antagonistic theories are now before the American people for bringing to an end the destructive contest in which we are engaged. The first is that contained in the resolution adopted by Congress and approved by the President at an early day, and upon the faith of which the people of this country, without distinction of party, have furnished more than one million of men to our armies, and vast contributions to the treasury of our country.

This resolution consecrated the energies of war and the policy of government to the restoration of the Union, the support of our Constitution. It was a solemn appeal to the civilized world that the objects thus clearly set forth justified a war which not only concerned the American people, but which also disturbed the commerce and industry of all nations.

The opposite theory prevents the return of the revolted States upon the condition of laying down their arms; it denies them a political existence which enables them to come back upon any terms; it holds that States in the revolted section of the country must be "re-established;" that the States hereafter made may or may not hold names or boundaries of the States thus destroyed, although "it is suggested as not improper" that these names and boundaries, &c., should be maintained.

The war, therefore, is not to be brought to an end by the submission of these States to the Constitution and their return to the Union, but it must be prolonged until the South is subjugated to the acceptance, not of its duties under the Constitution, but of such terms as may be dictated. Until States are thus "re-established," it is held

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that there are no political organizations which can bring back the people to their allegiance; that if the nine States spoken of in the Proclamation of the President should lay down their arms, and should return to the performance of their duties, they would not be recognized nor received. This theory designs a sweeping revolution in the section of our country now in rebellion, and the creation of a new political system by virtue of executive decrees.

Is this calculated to stop the waste of blood and treasure? If the South is revolutionized, its property devastated, its industry broken up and destroyed, will this benefit the North?

Those who urge the restoration of the Union, and the preservation of our Constitution, contend that, in addition to upholding our armies and our navies, every measure of wise statesmanship and conciliatory policy shall be adopted to bring this war to a successful close.

Only the ends for which this war was begun should be sought; because they are the most easily attained, most beneficial when gained, and in their support the most varied, the most enlarged and the most patriotic influences can be exerted.

On the other hand, it is insisted that the war shall be prolonged by waging it for purposes beyond those avowed at the outset and by making demands which will excite a desperate resistance. A demand is made that the people of the South shall swear to abide by a proclamation put forth with reluctance, and which is objected to by a large share of Northern people as unwise and unjust, as it makes no distinction between the guilty and the innocent. They

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are to take an oath to which no reputable citizen of the North of any party will subscribe: that they will uphold any future Proclamations relating to Slavery. They are to submit themselves to uttered and unuttered opinions and decrees. No longer regarding the war as directed against armed rebellion, it is to be waged against people, property, and local institutions! It is held that the whole population within the limits of certain States are stripped of all political rights until they are purged by Presidential clemency.

The disorganization and destruction of the South are not to save us from the cost of war. The plan for the uture government of the seceded States demands the maintenance of armies and a continued drain upon the persons and property of our people. Whenever one-tenth of the voters of either of these States shall submit themselves to the conditions imposed, they may form new governments with new or old names and boundaries. This inconsiderable minority is to be supported in the exercise of power by the arms and treasure of the North. There will be no motives on their part to draw the remaining population into the support of the governments thus created. There will be every inducement of power, of gain and of ambition, to perpetuate the condition of affairs so favorable to individual purposes. It will also be for the interest of the National Administration to continue this system of government, so utterly at variance with a representative policy. Is not this the same mistaken theory upon which other nations have tried to govern their dependencies? Has complete subjugation for centuries produced the quiet, the

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obedience to law, the order, the security to life and property, the kindly feelings or the mutual contributions to prosperity which belonged to real peace?

Governments thus formed would represent not the interests of their citizens, but the wills and interests of the power that creates and sustains them. The nine States thus controlled would balance in the House of Representatives in the choice of President, and at all times in the Senate, New York, Pennsylvania, Ohio, Illinois, Indiana, Massachusetts, Missouri, Kentucky and Wisconsin, with a united population of 16,533,383, which is more than one-half of that of our whole country. The one-tenth who would accept the Proclamation for the price of power, would not only govern the States made by Executive decrees, but they would also govern the North. While the plan is harsh to the body of the Southern people, it is still more unjust towards the North. Fourteen hundred men in Florida would balance in the Senate of the United States the power of New York. Less than 70,000 voters in the nine States named in the President's Proclamation, would wield a power sufficient to weigh down that of the nine most populous States in the Union.

We should thus have, with the nominal States of Eastern and Western Virginia, a system of rotten boroughs which would govern the Union, and destroy the representative nature of our government. This in connection with existing inequalities in State representation, would be a dangerous invasion of the rights of a majority of the American people. It would enable an administration to perpetuate its power.

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It is a fact full of significance that every measure to convert the war against armed rebellion into one against private property and personal rights at the South, has been accompanied by claims to exercise military power in the loyal States of the North.

The Proclamation of Emancipation at the South, and the suspension of the writ of habeas corpus at the North; the confiscation of private property in the seceding States, and the arbitrary arrests, imprisonment and banishment, of the citizens of loyal States; the claim to destroy political organizations at the South, and the armed interference by Government in local elections have been contemporaneous events.

These acts at first were justified upon the ground that they were necessary to save the national existence. We now find that new and more extreme claims to arbitrary power are put forth when it is declared that the strength of the rebellion is broken and that our armies are about to trample out every vestige of its incendiary fires. More prerogatives are asserted in the hour of triumph than were claimed as a necessity in days of disaster and of danger.

The doctrine of Southern disorganization and revolution is a doctrine of national bankruptcy, and of national ruin; it is a measure for lasting military despotism over one-third of our country, which will be the basis for military despotism over the whole land. It does not contemplate the return of our soldiers to their families, or relief from the cost and sacrifices of war. It will make an enduring drain upon our homes, and impose crushing burthens upon our labor and industry. It will open a wide and lasting

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field for peculation and fraud. It tends to perpetuate power by making and unmaking States, as the interests of factions may dictate. It will be a source of internal disorder and disquietude, and national weakness in our external relations. It will give dangerous allies to invaders of our soil.

If this war is to make a social revolution and structural changes in great States, we have seen only its beginning. Such changes are the work of time. If they are to be made by military power, it must be exerted through long periods. Whether white or black troops are used, the diversion from labor and the cost of war will be equally prolonged, and we have just entered upon a course of certain cost and uncertain results. No such changes as are now urged, have ever, in the world's history, been without struggles lasting through more than one generation of men.

What has Government accomplished in the territories wrested from rebellion by the valor of our armies? Has it pacified them? Has it revived the arts of peace? Have quiet and confidence been restored? Is commerce renewed? Are they not held as they were conquered—at the expense of Northern blood and treasure? Are not our armies wasted by holding under armed control those who, under a wise and generous policy, would have been friends? The spirit which prompts the harsh measure of subjugation has driven off many in the Border States, who, at the crisis of our country's fate, broke away from their ancient sympathies with the seceding States and clung to the Union. States which, by the elections of the people,

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ranged themselves upon the side of the Constitution, are not allowed the free exercise of the elective franchise. In some quarters discontent has been increased; in no place has the wisdom of Government gained us allies.

There is but one course which will save us from national ruin. We must adhere to the solemn pledges made by our Government at the outset of the war.

We must seek to restore the Union and to uphold the Constitution. To this end, while we put forth every exertion of material power to beat down armed rebellion, we must use every influence of wise statesmanship to bring back the States which now reject their constitutional obligations. We must hold forth every honorable inducement to the people of the South to assume again the rights and duties of American citizenship.

We have reached that point in the progress of the war, for which all have struggled and all have put forth united exertions. Our armies and navies have won signal victories; they have done their part with courage, skill, and success. By the usage of the civilized world, statesmanship must now exert its influence. If our cause fails in the judgment of the world, it will be charged to the lack of wisdom in the Cabinet, and not to the want of bravery or patriotism in the army. The great object of victories is to bring back peace; we can now with dignity and magnanimity proclaim to the world our wish that States, which have long been identified with our history, should reassume their positions in the Union. We now stand before the world a great and successful military power. No one can foresee the latent victories or defeats which lie in our

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course if force, and force alone, is to be exerted. The past has taught us the certain cost of war and the uncertainties of its results.

In this contest belligerent rights are necessarily conceded to the South. The usages of international warfare are practiced in the recognition of flags and the exchanges of prisoners. Is it wise to put off the end of the war, and thereby continue a recognition which tends to familiarize the public mind in our own country, and in the world at large, with the idea that we are disunited into two distinct nationalities? A needlessly protracted war becomes disunion.

Wise statesmanship can now bring this war to a close, upon the terms solemnly avowed at the outset of the contest. Good faith to the public creditors; to all classes of citizens of our country; to the world, demands that this be done.

The triumph won by the soldiers in the field should be followed up and secured by the peace-making policy of the statesmen in the Cabinet. In no other way can we save our Union.

The fearful struggle which has taught the North and South the courage, the endurance and the resources of our people, have made a basis of mutual respect upon which a generous and magnanimous policy can build lasting relationships of union, intercourse and fraternal regard. If our course is to be shaped by narrow and vindictive passions, by venal purposes, or by partisan objects, then a patriotic people have poured out their blood and treasure in vain, and the future is full of disaster and ruin.

We should seek not the disorganization but the pacification of that section of our country devastated by civil war.

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In this hour of triumph appeals should be made to States, which are identified with the growth and greatness of our country, and with some of which are associated the patriotic memories of our revolutionary struggle. Every generous mind revolts at the thought of destroying all those memories that cling about the better days of the Republic; that are connected with the sacrifices of the men who have made our history glorious by their services in the cabinet, in the forum and in the field.

The victories which have given our government its present commanding position were won by men who rallied around and fought beneath the folds of a flag whose stars represent each State in our Union. If we strike out of existence a single State, we make that flag a falsehood. When we extinguish the name of any one of the original thirteen States, we dishonor the historic stripes of our National banner. Let the treasonable task of defacing our flag be left to those who war upon our Government, and who would destroy the unity of our country.

Faith to our armies and to our citizens demands that we keep sacred the solemn pledge made to our people and to the civilized world when we engaged in this bloody war, "that it was not waged in any spirit of oppression, or for any purpose of conquest or subjugation, or purpose of overthrowing or interfering with the rights of established institutions in those States, but to defend and maintain the supremacy of the Constitution, and to preserve the Union with all the dignity, equality, and rights of the several States unimpaired; and that as soon as these objects are accomplished the war ought to cease."

HORATIO SEYMOUR.

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APPENDIX.

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DESTRUCTION OF AMERICAN SHIPPING.

LETTER AND STATEMENT OF DAVID M. STONE.

OFFICE OF THE JOURNAL OF COMMERCE,
NEW YORK, *December* 17, 1863.

Sir—It has taken me longer than I anticipated to compile the figures to show the changes in the carrying trade at this Port, as I wished to extend it back for a series of years. The figures are all from official records at the Custom House. I have added the imports and exports together to make one sum for convenience of comparison.

Your obd't servant,
DAVID M. STONE.

His Excellency Gov. SEYMOUR.

The Federal losses in captures by vessels carrying the Confederate flag, from the beginning of the war to December 16, 1863, as far as known, have been as follows:

U. S. gunboat	1
Steamers	2
Steam tug	1
Ships	57
Barks	42
Brigs	34
Schooners	47
Total number of vessels	184

In all 84,871 tons.

The vessels were valued at about	$5,000,000
The cargoes were estimated at	10,000,000
	$15,000,000

This loss falls heavily on New York, but is distributed to some extent throughout the other maritime States.

The greatest loss, however, has not been from direct captures.

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The fear of loss by shippers, has diverted an immense amount of the carrying trade from American bottoms, until a large part of the imports and exports at New York city arrive and depart under a foreign flag. This affects the interests of all the States which own shipping, but the greatest share of the loss falls on our own citizens. The magnitude of this trade and the extent of the change, could hardly be appreciated by any description of it short of the actual returns. I have, therefore, compiled with great care, from the official records at the New York Custom House, quarterly returns of the foreign commerce of the city, beginning with the incoming of the previous national administration, and brought down to the last finished return. The values here given, include the imports entered and the exports cleared. As the former one, reckoned at their foreign cost without freight or duty, the total is far below the real *market* value of the goods passing through the Custom House. The division between the foreign and domestic ships is precisely as given on the official record.

STATEMENT OF THE FOREIGN TRADE OF THE CITY OF NEW YORK,

Including the value of imports and exports, and showing the proportion under the U. S. and foreign flags, for the periods named:

Year.	In American Vessels.	In Foreign Vessels.
1857—First quarter.....	$58,962,748	$31,104,275
Second do	61,096,453	27,019,581
Third do	73,774,311	25,447,094
Fourth do	45,732,098	20,783,681
Total	$239,565.610	$104,354,631
1858*—First quarter.....	$34,886,348	$17,307,168
Second do	38,972,474	14,079,974
Third do	44,722.684	30,465,935
Fourth do	35,013,464	21,381,026
Total	$153,594,970	$83,234,103
1859—First quarter.....	$42,475,606	$38,077,311
Second do	65,604,886	46,978,510
Third do	59,261,498	51,587,786
Fourth do	46,635,995	31,182,041
Total	$213,977,985	$167,825,648

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Year.	In American Vessels.	In Foreign Vessels.
1860—First quarter.....	$45,362,338	$44,293,752
Second do	62,598,326	30,918,851
Third do	67,670,926	43,435,435
Fourth do	58,262,003	31,275,111
Total	$233,893,593	$149,923,149
1861—First quarter.....	$53,408,899	$42,652,042
Second do	47,900,376	29,052,933
Third do	29,924,253	31,232,601
Fourth do	34,370,985	36,046,099
Total	$165,604,513	$138,983,675
1862—First quarter.....	$32,215,178	$54,139,704
Second do	34,285,616	53,993,144
Third do	44,971,573	66,278,301
Fourth do	38,705,231	64,203,776
Total	$150,177,598	$238,614,915
1863—First quarter.....	$31,874,887	$80,104,305
Second do	23,403,830	65,889,853

* This year followed the revulsion of 1857 and the business was light.

Here we see that the carrying trade was nearly twice as large in American as in foreign vessels up to the incoming of this administration, since which it has been rapidly reversed, until now it is nearly three times as large in foreign vessels as it is in vessels under our own flag. A change of this magnitude cannot occur without affecting vitally our whole maritime interests, and all branches of industry connected therewith.

From the 1st of January, 1857, to June 30th, 1861, the foreign carrying trade of New York city shows a value of nearly one thousand million dollars carried under the American flag, and less than six hundred thousand dollars carried under all foreign flags. For the two years ending June 30th, 1863, the same trade shows a total of only two hundred and sixty-nine million dollars under our own flag, and four hundred and fifty-one millions under the foreign flag, while the difference is widening every day, our own vessels receiving now only about one-third of the business. It is a humiliating fact that, during the last two quarters, the official returns show that out of one hundred and five million dollars of domestic produce shipped from New York, only twenty-nine millions went out in American vessels.

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MILITIA, &c.

Defence of New York Harbor.

Headquarters, Department of the East,
New York City, *February 16th*, 1863.

To His Excellency, Horatio Seymour,
Governor of the State of New York:

Sir—I have received special orders No. 69, dated Albany, February 6th, 1863, from the Adjutant General of New York, transferring the men "recruited by Captain G. C. Coddington, intended to form part of the Anthon battalion, but recently known as the 20th battery New York volunteer artillery."

I issued an order, directing the men to be transferred agreeably to the orders of the Adjutant General, and sent it to Brevet Brigadier General Harvey Brown, who immediately reported to me that these men had been mustered into service, and turned over to him by Governor Morgan, to be used and kept for the defence of Fort Schuyler, and having no men to replace them with, I recalled my order. If I could replace these men, I would at once transfer them. Being indispensable to the defence of the fort and this city, and being well instructed in the duties of artillery, and it being expected by the citizens of New York that I will, to the extent of my ability, protect the city from all exterior enemies, I am induced again to urge that you will not insist on their transfer at the present time. These men are far more important to this city than a regiment of cavalry can be to the United States. The regiment is, by no means, properly prepared for field service. Before they take the field they should be well instructed in cavalry tactics.

Under the circumstances, having been turned over to the United States, by Governor Morgan, I hope you will not insist upon their transfer.

I have the honor to be,
Very respectfully,
Your obedient servant,
JOHN E. WOOL,
Major General.

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GENERAL HEADQUARTERS, STATE OF NEW YORK,
ADJUTANT GENERAL'S OFFICE,
ALBANY, *February* 17*th*, 1863.

Major General JOHN E. WOOL, U. S. A., *Commanding Department of the East, Headquarters New York City:*

General—I am instructed by his Excellency Governor Seymour, to acknowledge the receipt of your two communications of the 16th inst., with inclosures, and to say that in view of the reasons assigned, he cordially acquiesces in your wishes, and will give the necessary instructions for the detachment of reorganized recruits, formerly of the 20th battery, to remain at Fort Schuyler, as desired.

I have the honor to be, General,
Very respectfully, your ob't sv't,
(Signed,) JOHN T. SPRAGUE,
Adjutant General.

GENERAL HEADQUARTERS, STATE OF NEW YORK,
ADJUTANT GENERAL'S OFFICE,
ALBANY, *March* 17*th*, 1863.

Brig. General LORENZO THOMAS, *Adjutant General U. S. A.:*

General—The First Division National Guard of the State of New York, comprising seven thousand (7,000) efficient, well organized and equipped men, are located in and around the city of New York. Upon this organization the city must mainly depend when threatened by an enemy, and will form a valuable auxiliary force if attacked. To this end, it is essential that this body of men should be instructed in the use of sea-coast guns, and in the general detail and discipline incident to garrisons and forts.

To accomplish so desirable an object, it is proposed to place in the forts defending New York harbor, on the first day of May next, two thousand men, and continuing through the months of May, June, July, August and September, changing the command monthly. On the first day of May this number can be in readiness with arms, accoutrements and blankets, complete, whose names will be recorded upon muster rolls, in the usual form, and then turned over to Major General Wool, with an understanding that these troops are to serve one month in the fortifications and garrisons, as common soldiers. If the usual monthly pay cannot be allowed, let such rations be issued as are furnished to the United States troops. Upon the expiration of the month another

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two thousand will be in readiness, and so continue until this entire force has gone through a course of instruction.

Citizens of large mercantile, commercial and mechanical interests, offer the services of men in their employ, gratuitously, to perfect a plan so desirable, in making the citizens of New York feel that, in time of danger, their well instructed troops, and the skillful use of artillery in fortifications, are the protectors of their homes and their property.

I am directed by His Excellency Governor Seymour, thus briefly to submit the foregoing for the consideration of the Secretary of War.

I am, General, very respectfully,
Your obedient servant,
JOHN T. SPRAGUE,
Adjutant General.

STATE OF NEW YORK:
INSPECTOR-GENERAL'S OFFICE, METROPOLITAN HOTEL,
NEW YORK, *July 8th*, 1863.

General—I am instructed by Governor Seymour to ask that you will submit, in writing, the request made by you, in the conversations had with him and myself, for certain of the New York State troops for special service in the harbor of New York; specifying the number of men and organizations that will be received, the length of service required, and the assurance that the troops will not be sent out of the State.

These points are essential to enable me to issue the necessary orders, conveying the requisite information to commandants remote from these head-quarters, and upon whom we mainly rely, our city forces being absent on distant service.

Referring to the conversations had with you, I have already given the assurance that, while on this duty, the troops will be entitled to receive from the Government United States pay and allowances; and that on reporting at your head-quarters in this city, by companies or detachments, they will be promptly taken charge of and subsisted.

The State furnishes transportation to this city, and I hope, by Saturday, to have the number of men in readiness which you require. I have the honor to be, General,

Very respectfully, your obd't servant,
JOSIAH T. MILLER,
Inspector-General, S. N. Y.

Maj. Gen. JOHN E. WOOL, *Com'dg Dept. of the East, N. Y. City.*

HEAD-QUARTERS, DEPARTMENT OF THE EAST,
NEW YORK CITY, *July 9th*, 1863.

His Excellency, H. SEYMOUR,

Governor of New York:

Sir—For the want of troops, this city is in a defenceless condition. I require, including a regiment of heavy artillery, expected from General Couch, at Harrisburgh, reported by Brigadier General Miller, Inspector General of New York, to be about four hundred strong, eight companies of artillery, of volunteers or militia, to be placed in the nine forts of this harbor. These ought to be furnished with as little delay as practicable.

If you have a capable major of artillery, I should be gratified if you would send him with the companies.

Yesterday, I received an order from the War Department, directing me "to organize immediately, by detachment or otherwise, four companies of infantry for service at the draft rendezvous established in the State of New York, two of the companies to be sent to report to the commanding officer at Riker's Island, one company to the commanding officer at Buffalo, and one company to the commanding officer at Elmira, N. Y.

As I have no infantry companies in the State of New York for this service, I would respectfully ask your Excellency to order the four companies to be furnished as soon as practicable.

I have the honor to be
Very respectfully
Yor ob'nt servant,
JOHN E. WOOL,
Major-General.

STATE OF NEW YORK:
INSPECTOR GENERAL'S OFFICE,
NEW YORK, *July 10th*, 1863.

Major-General JOHN E. WOOL, *Com'dg Dep't of the East, New York:*

General—Your communication addressed to his Excellency, Governor Seymour, under date of July 9th, inst., received yesterday, stating that for the want of troops this city was in a defenceless condition; and further stating that you require, in addition to a regiment of heavy artillery, expected from Gen. Couch, reported to be about four hundred strong, (but since reported to me as about five hundred strong,) eight companies of artillery of

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volunteers or militia, to be placed in the nine forts of this harbor, and that these ought to be furnished with as little delay as practicable.

His Excellency the Governor directs me to say in reply that referring to the conversations had by you with him and myself, and to the communications on this subject I had the honor to address to you on the 8th inst., you will observe that State troops in excess of their number now required by you, are in readiness for the service specified, only waiting orders from the Governor, conveying the assurance that they will be received on reporting at your headquarters as State militia, temporarily placed under your orders by the commander-in-chief for service in the forts of this harbor, and that they will be subsisted by the Government on reporting for duty.

As soon as the Governor is notified that you concur in these views the troops will be ordered to report to you; they will be furnished with clothing for sixty days from the Quartermaster General's department, and the subject of pay, etc., will hereafter be submitted for the consideration of the General Government.

Awaiting a reply upon these points, at your very earliest convenience,

I remain, general, very respectfully
Your obedient servant,
JOSIAH T. MILLER,
Inspector General.

NEW YORK, *July 13th*, 1863.

To Hon. H. SEYMOUR:

Sir—Orders just received from the War Department supercoded the necessity of the two companies I required of those now recruiting at New Dorp, and until further advices, please countermand any militia that is ordered to this place.

J. E. WOOL, *Major-General.*

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THE PENNSYLVANIA INVASION.—OFFICIAL TELEGRAMS.

BY TELEGRAPH FROM WASHINGTON, *June 15th*, 1863.

To His Excellency, Governor SEYMOUR:

The movements of the rebel forces in Virginia are now sufficiently developed, to show that General Lee, with his whole army, is moving forward to invade the States of Maryland, Pennsylvania, and other States.

The President, to repel this invasion, promptly, has called upon Ohio, Pennsylvania, Maryland and Western Virginia, for one hundred thousand (100,000) militia, for six (6) months, unless sooner discharged. It is important to have the largest possible force in the least time, and if other States would furnish militia for a short term, to be ordered on the draft, it would greatly advance the object. Will you please inform me, immediately, if, in answer to a special call of the President, you can raise and forward say twenty thousand (20,000) militia, as volunteers without bounty, to be credited on the draft of your State, or what number you can probably raise? E. M. STANTON,

Secretary of War.

ALBANY, *June 15th*, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington:*

I will spare no efforts to send you troops at once. I have sent orders to the militia officers of the State.

HORATIO SEYMOUR.

ALBANY, *June 15th*, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington:*

I will order the New York and Brooklyn troops to Philadelphia at once. Where can they get arms if they are needed?

HORATIO SEYMOUR.

BY TELEGRAPH FROM WASHINGTON, *June 15*, 1863.

To Governor SEYMOUR:

The President directs me to return his thanks, with those of the Department, for your prompt response. A strong movement of your city regiments to Philadelphia, would be a very encouraging movement, and do great good in giving strength in that State. The call had to be for six months, unless sooner discharged, in order to comply with the law. It is not likely that more than thirty days' service—perhaps not so long—would be required. Can you forward your city regiments speedily? Please reply early. EDWIN M. STANTON, *Secretary of War.*

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ALBANY, *June* 15*th*, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington:*

We have about two thousand enlisted volunteers in this State. I will have them consolidated into companies and regiments, and sent on at once. You must provide them with arms.

HORATIO SEYMOUR.

ALBANY, *July* 16, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington:*

Four returned volunteer regiments can be put in the field at once, for three months' service. Can arms and accoutrements be supplied in New York? Old arms not fit for the field.

J. T. SPRAGUE,
Adjutant-General.

BY TELEGRAPH FROM WASHINGTON,
June 16*th*, 1863.

To Adjutant General SPRAGUE:

Upon your requisition, any troops you may send to Pennsylvania will be armed and equipped in New York, with new arms. Orders have been given to the Bureau of Ordnance.

EDWIN M. STANTON.

BY TELEGRAPH FROM WASHINGTON,
June 16*th*, 1863.

To Adjutant-General SPRAGUE:

The Quartermaster-General has made provision for the clothing and equipment of the troops that may go to Pennsylvania. The issues to be made at Harrisburg. You will make requisition for subsistence and transportation as heretofore, for troops forwarded from your State. EDWIN M. STANTON.

BY TELEGRAPH FROM WASHINGTON,
June 16*th*, 1863.

To Act. Asst. Adj-General STONEHOUSE:

The Quartermaster-General has been directed to clothe the volunteers from your State, upon their reaching their destination, and provision has been made for that purpose.

EDWIN M. STANTON, *Secretary of War.*

ALBANY, *June* 16*th*, 1863.

Governor CURTIN, *Harrisburgh:*

I am pushing forward troops as fast as possible; regiments will leave New York to-night. All will be ordered to report to General Couch.

HORATIO SEYMOUR.

ALBANY, *June 16th*, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington, D. C.:*

Officers of old organizations here will take the field with their men, and can march to-morrow if they can be paid irrespective of ordnance accounts. The Government would still have a hold upon them to refund for losses.

JOHN T. SPRAGUE,
Adjutant-General.

ALBANY, *June 15th*, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington:*

By request of Governor Seymour, who has called me here, I write to say that the New York city regiments can go with full ranks for any time not over three months—say from eight to ten thousand men. The shorter the period the larger will be the force. For what time will they be required? Please answer immediately.

C. W. SANDFORD,
Major-General.

BY TELEGRAPH FROM WASHINGTON,
June 16th, 1863.

To Major-General SANDFORD:

The Government will be glad to have your city regiments hasten to Pennsylvania for any term of service; it is not possible to say how long they might be useful, but it is not expected that they would be detained more than three (3) months, possibly not longer than twenty (20) or thirty (30) days.

They would be accepted for three (3) months, and discharged as soon as the present exigency is over. If aided at the present by your troops, the people of that State might soon be able to raise a sufficient force to relieve your city regiments.

EDWIN M. STANTON,
Secretary of War.

ALBANY, *June 18th*, 1863.

To Hon. E. M. STANTON,
Secretary of War, Washington, D. C.:

About twelve thousand (12,000) men are now on the move for Harrisburgh, in good spirits and well equipped.

The Governor says: "Shall troops continue to be forwarded?" Please answer.

Nothing from Washington since first telegrams.

JOHN T. SPRAGUE, *Adjutant-General.*

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ALBANY, *June 18th*, 1863.

To Governor CURTIN, *Harrisburgh, Pa.:*

About twelve thousand men are now moving and are under orders for Harrisburgh, in good spirits and well equipped.

Governor Seymour desires to know if he shall continue to send men. He is ignorant of your real condition.

JOHN T. SPRAGUE, *Adjutant-General.*

BY TELEGRAPH FROM WASHINGTON, *June 19th*, 1863.

To Adjutant General SPRAGUE:

The President directs me to return his thanks to his Excellency, Governor Seymour and his staff, for their energetic and prompt action. Whether any further force is likely to be required will be communicated to you to-morrow, by which time it is expected the movements of the enemy will be more fully developed.

EDWIN M. STANTON, *Secretary of War.*

ALBANY, *June 20th*, 1863.

Hon. E. M. STANTON, *Secretary of War, Washington:*

The Governor desires to be informed if he shall continue sending on the militia regiments from this State. If so, to what extent and to what point.

J. B. STONEHOUSE, *Act'g Ass't Adj't General.*

BY TELEGRAPH FROM WASHINGTON, *June 21st*, 1863.

To Act'g Ass't Adj. General STONEHOUSE:

The President desires Governor Seymour to forward to Baltimore all the militia regiments that he can raise.

EDWIN M. STANTON, *Secretary of War.*

BY TELEGRAPH FROM HARRISBURGH, *July 2d*, 1863.

To His Excellency, Governor SEYMOUR:

Send forward more troops as rapidly as possible. Every hour increases the necessity for large forces to protect Pennsylvania. The battles of yesterday were not decisive, and if Meade should be defeated, unless we have a large army, this State will be overrun by the rebels.

A. G. CURTIN, *Gov. of Penn.*

NEW YORK, *July 3d*, 1863.

To Governor CURTIN, *Harrisburgh, Pa.:*

Your telegram is received. Troops will continue to be sent. One regiment leaves to-day, another to-morrow, all in good pluck.

JOHN T. SPRAGUE, *Adjutant General.*

NEW YORK CITY RIOT.

HEAD-QUARTERS,
NEW YORK, *July* 14*th*, 1863.

His Excellency, HORATIO SEYMOUR,
Governor, &c.

Sir—The Government of the United States has authorized me to call on you for as many men as I require. Please to send me one, two, three or four regiments, to report to me at my head-quarters at the St. Nicholas Hotel, the object being to suppress the riot now existing in this city.

Very respectfully yours, &c.,
JOHN E. WOOL,
Major-General.

P. S. Please send two regiments if no more.
JOHN E. WOOL,
Major-General.

Approved.
GEORGE OPDYKE, *Mayor.*

METROPOLITAN HOTEL,
NEW YORK, *July* 14*th*, 1863.

Major-Gen. JOHN E. WOOL, *Com'dg Dept. of the East, New York:*

General—I have the honor to acknowledge your favor of this date, addressed to His Excellency, Governor Seymour, stating that the Government of the United States had authorized you to call on him for as many men as you required, and asking the Governor to send "one, two, three or four regiments," to report to you at your head-quarters at the St. Nicholas Hotel, the object being to suppress the riot now existing in this city.

In reply, I have to state that, before receiving your communication, orders had been given, by authority of the Executive, to the 70th Regiment (Brooklyn), and the 25th (Albany), to report immediately for duty in this city. Their arrival, of which you will be duly informed, is momentarily expected.

Orders have also been given to Brigadier-Generals Green, Dering and Williams, to order all the available force of their

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respective brigades in readiness to march to this city, at a moment's notice. Please communicate if an additional force is required.

Respectfully your obedient servant,

JOSIAH T. MILLER,

Inspector-General, S. N. Y.

HEAD-QUARTERS,
NEW YORK, *July 14th*, 1863.

General—I would be glad of four regiments. This may answer with what we expect. If you can send six regiments I would be glad. We cannot have too many men at this moment. More you send me the better it will be.

Very respectfully yours,

JOHN E. WOOL,

Major-General.

To Brig.-Gen. MILLER, *Inspector-General.*

REPORT OF GEN. WOOL TO GOVERNOR SEYMOUR.

NEW YORK CITY, *July* 20, 1863.

To His Excellency HORATIO SEYMOUR,

Governor of the State of New York:

SIR—Agreeably to a conversation with you on Saturday last, and in order that you, as well as the citizens of New York, may correctly understand the course I pursued to check the rioters who commenced their depredations in this city on the 13th instant, and for some time, by their lawless acts, in killing persons, pulling down and burning buildings, to such an extent as to cause many to apprehend a general conflagration, I present you with the following statement:

The cause ascribed for this riot has been the attempt, on the part of the assistant provost marshals, to make the draft on that day at the various offices in the city. The operations of enrolling and drafting under the conscript act have been independent of the military commander of the department, and almost entirely under the control of the provost marshal general.

On Monday morning, 13th instant, hearing of some disturbance in the upper part of the city, I saw Colonel Nugent, provost marshal of this city, and called his attention to the subject, when he informed me that the police of the city had already attended to it, and he required no other assistance; that the trouble had

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already subsided, and that I need give myself no further uneasiness upon the subject. I then proceeded to transact important business at the lower part of the city, after completing which, on returning to my headquarters, I was informed that the mayor wished to see me on business of moment. I called upon him, when he informed me that a serious riot existed in some of the upper wards of the city, and asked me for assistance to quell it, saying that nearly all the militia force of the city had been sent to Harrisburg to defend Pennsylvania from the rebel invasion.

From his representations of the imminent danger, not only in regard to the threatened destruction of property and lives of citizens, but also of property of the United States, which was very large, and required immediate protection, and believing that to protect the public property from destruction it was necessary to put down the rioters, I immediately complied with the request of the mayor, and issued orders for the troops under my command in the forts of the harbor—having none in the city—to assemble at my headquarters with the least possible delay, leaving only small guards to take care of the forts. The most of the United States troops thus ordered arrived in the course of the evening of the same day, and were immediately, as they came, disposed in the best manner for the emergency.

The mayor and myself being deficient in force, united in an application to Rear Admiral Paulding, commanding the navy yard; to Colonel Bowman, superintendent of the West Point United States Military Academy; to the authorities of Newark; also to the Governors of New York, New Jersey, Connecticut, Massachusetts and Rhode Island for troops. Those furnished by Admiral Paulding, a company from West Point and one from Newark, were on the spot promptly, as well as those furnished by the Governor of New York.

The militia that could be assembled by Major General Sandford were posted by him in the upper part of the city, at the State arsenal and in its vicinity, ready to act there or at any other point of danger. Upon the call of the Governor, the mayor and myself, the veteran volunteers in the city (officers and privates) who had been mustered out of service, as well as many citizens, volunteered their services promptly, and, organizing themselves, needed only to be furnished with arms and ammunition; and as soon as furnished they were put in positions to act efficiently,

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not only in defending property, but likewise in putting down the rioters.

The city police force from the beginning, under the able chief commissioner, superintendent, and other officers of its organization, displayed throughout the whole riot not only a willingness, but very great efficiency, in their noble exertions to quell the riot. For this and their harmonious co-operation with the troops engaged in the same cause, they deserve the warmest thanks of every lover of law and order, and my high commendation for their whole conduct on this trying occasion.

In the afternoon of the 13th, Brevet Brigadier General Harvey Brown, in the immediate command of the United States troops in the forts (except Fort Columbus), presented himself and volunteered his services, expressing a willingness to serve in any capacity in the emergency then pressing upon us. I accepted his offer, and directed him to report to Major General Sandford, who was then in the immediate command of the troops, with Colonel Nugent, however, under him in command of the United States portion of the troops—all the troops then out being mixed of militia and regulars. Immediately after receiving my instructions, General Brown took his position at the Police Headquarters, No. 300 Mulberry street, so as to be in immediate communication with the police authorities, and I appointed two of my aids to assist him.

I soon after learned, however, that in the disposition and management of the troops there existed a want of harmony between Generals Sandford and Brown, in consequence of which I issued the following order, sending a copy to each:

"HEADQUARTERS, DEPARTMENT OF THE EAST,
NEW YORK, *July* 13, 1863.

Major General SANDFORD, *Brevet Brigadier General* BROWN:

Gentlemen: It is indispensable to collect your troops not stationed, and have them divided into suitable parties, with a due proportion of the police to each, and to patrol in such parts of the city as may be in the greatest danger from the rioters. This ought to be done as soon as practicable.

JOHN E. WOOL, *Major General.*"

After this had been issued, General Sandford reported to me that his orders were not obeyed by General Brown; consequently I issued the following:

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"HEADQUARTERS, DEPARTMENT OF THE EAST,
NEW YORK, *July* 13, 1863.

All the troops called out for the protection of the city are placed under the command of Major General Sandford, whose orders they will implicitly obey.

By command of Major General WOOL."

C. T. CHRISTENSEN, *Assistant Adjutant General.*

About nine o'clock of the evening of the same day (13th), after this order had been issued, General Brown presented himself to me, complaining of General Sandford, and strongly objecting to serve under him, asking to be excused from the operation of the order.

My reply was to the effect that as Gen. Sandford ranked him, and the troops were mixed of militia, regulars, &c., I could not place him (Gen. Brown) in command of all, and that for efficient operations a hearty co-operation of the State and United States troops and the police must be had for putting down the mob, protecting public and private property and the lives of the citizens threatened. Gen. Brown, notwithstanding, however, persisted in urging his objections and asking to be excused. I excused him, and immediately issued the following order:

"HEADQUARTERS, DEPARTMENT OF THE EAST,
NEW YORK, *July* 13, 1863.

Col. R. Nugent will take charge of all the regular troops, subject to the orders of Major General Sandford.

JOHN E. WOOL, *Major General.*"

The following morning (July 14,) about eight o'clock, after myself and staff had been up all night receiving and posting the troops, General Brown presented himself again, and asked to be restored to the position he had relinquished the evening before, saying, in substance, that he considered himself in the wrong in having refused to serve under General Sandford, and that if he could be restored he would be willing to serve as ordered. I immediately granted the request, and General Brown soon after resumed his place at the Police Headquarters, Col. Nugent being directed to serve under the orders of General Brown, but not to be relieved from duty, and I issued the following order:

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"HEADQUARTERS, DEPARTMENT OF THE EAST,
NEW YORK, *July* 14, 1863.

Brevet Brigadier General BROWN, *United States Army:*

SIR—It is reported that the rioters have already recommenced their work of destruction. To-day there must be no child's play. Some of the troops under your command should be sent immediately to attack and stop those who have commenced their infernal rascality in Yorkville and Harlem.

JOHN E. WOOL, *Major General.*"

Notwithstanding General Brown expressed willingness in case of being restored to serve in accordance with my orders, I regret being obliged to state that he afterwards evinced no disposition to serve under General Sandford, but actually issued orders to troops stationed at the latter's headquarters, without any reference whatever to General Sandford, which, however, were countermanded by the latter.

After this Brevet Brigadier General Brown continued to act under the foregoing and other written and verbal orders, which were communicated from me to him, until Friday morning, 17th inst., when, by virtue of an order from the War Department, he was relieved by Brig. General Canby, United States Volunteers, of all the command he had previously exercised under my orders.

Many other orders than those quoted were issued during the operations, which, as they refer to details in reference to posting troops for the protection of property—public and private—need not be submitted; and I have ample reason to believe that the duties enjoined by these orders were generally discharged with efficiency by the regulars, volunteers, marines and sailors, and several gunboats, under their respective officers, furnished at my request by Rear Admiral Paulding, as also by citizens who enrolled themselves for the occasion.

I would also mention in terms of commendation the services of the cavalry under Colonel Mott, and of other cavalry of impromptu organization; of Brigadier General Dodge, who volunteered—all of whom finally, after the dispersion of the rioters, were placed under the command of Brigadier General Kilpatrick, he also having volunteered. All the cavalry, however, was reserved to act under my own immediate instructions.

On Wednesday evening, 16th inst., this cavalry was directed by me to patrol the disaffected districts, and by nine o'clock that night they found, from the severe lessons the rioters had received

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at the hands of the police and troops, in killing and wounding many who were combined in arms and firing from buildings and corners upon the troops, and by the capture of many of their ringleaders, that the riot had been effectually subdued.

The last act of the tragedy was that the cavalry, early in the morning of the 17th, found and took possession of seventy stand of revolvers and carbines, which had been secreted by the rioters in a manure heap, and several casks of paving stones, and took several more prisoners.

It will be seen that from Monday afternoon to Thursday evening the riot existed. During this period much private property was destroyed, and some public property, it is understood, was destroyed in Jamaica also some public arms in one or two shops of individuals. The amount of private property destroyed is estimated at no less than $400,000.

I here take occasion to express my thanks to the officers and privates of the volunteers, militia and regulars; also to the marines and sailors, and to the officers of the navy, for their services on this occasion; likewise to officers of all grades, from brigadier generals down, who happened to be in the city and volunteered their services; to the police and its officers, and to many private citizens, for their aid on this occasion.

To the Governor of New York, Major General Sandford and his officers; to the mayor of New York, and to Rear Admiral Paulding, I am indebted for prompt and efficient action and assistance in the emergency; also to my former aids, Col. Alexander Hamilton, Jr. and Col. George L. Schuyler, who volunteered especially for this occasion, and were constantly in attendance day and night.

I also take occasion to express my thanks to the officers composing my staff, whose duties during the existence of the riot were not only constant and arduous, night and day, but most effectually exerted in aiding me throughout the performance of the several parts assigned to them.

In conclusion, I have only to add that the riot having been effectually put down on the evening of the 16th instant, on the afternoon of Saturday, the 18th instant, I was relieved of the command of the Department of the East by Major General Dix, United States Volunteers, in virtue of orders of the President, dated the 15th instant.

I have the honor to be, very respectfully, your obed't servant,

JOHN E. WOOL, *Major General.*

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EXTRACT FROM THE ANNUAL REPORT OF THE BOARD OF METROPOLITAN POLICE, FOR THE YEAR ENDING NOVEMBER 30TH, 1863.

"*The Riots.*—On the morning of the 13th of July last, the peace and order of the city of New York were broken by a formidable mob, which entered upon a career of robbery, arson and murder, that was not completely checked until the morning of the 17th. The violent proceedings had a political origin, motive and direction, and received sympathy and encouragement from newspapers and partisans of influence and intelligence. The military were absent fighting the battles of the Union in Pennsylvania and Maryland. The Board of Police had long been threatened with summary removal, which was expected to occur immediately. Numbers of the force desired the removal, and there were not lacking of instances of insubordination, the fruit of the expected change. A large portion of the force were of the same nationality, political and religious faith of the riotous mob.

"Under these new and extraordinary circumstances, there was apprehension that the force might fail in united action, or be embarrassed by sympathy with the rioters, and be overpowered and beaten.

"The Board are most happy to report that the apprehension proved to be groundless. The force acted as a unit, and with an energy, courage and devotion rarely exhibited. The keenest observation failed to discover that either political, religious or national feeling had any influence adverse to the efficient action of the force. The courage that arises from the aggregation of numbers, the steadiness and celerity of movement which result from organization and drill, and the fidelity and pride of corps which results from discipline, were exhibited in a degree most gratifying to the Board, and honorable to the force. Considering the numerous and severe contests, the disparity of numbers, and the advantage enjoyed by the mob from their entrenched position in tenement houses, the small number of policemen killed and wounded is a subject of congratulation. The number wounded was eighty, but three have died.

"We are not aware of any other cases likely to have a fatal issue. Several were dreadfully beaten and wounded, but generally they have recovered and returned to duty, with scars as honorable as were ever borne by patriot soldiers.

"By the rules of the department, for time lost by the men wounded under circumstances like these, full pay is allowed.

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For this reason the amount of lost time paid for will be in excess of any former year. But deducting the time so lost from the total sick time, it will appear that the health of the force has been better than the average of former years."

CENTRAL DEPARTMENT OF THE METROPOLITAN POLICE,
300 MULBERRY STREET, N. Y., *Dec.* 12*th*, 1863.

Sir—in answer to your inquiries,

1st. "How many persons lost their lives as a direct consequence of the riots?" I beg leave to refer you to the inclosed statement, marked A, from which you will perceive that the city inspector's report shows an actual increase in July and August of this year, over any corresponding period for the past eight years, of 1,155. It will be quite safe, we think, to assume that 1,000 persons lost their lives in consequence of the riots.

2d. I am secretary of a committee of gentlemen, (Messrs. Isaac Bell, Acton, John Decker, Tallman and Vermilye,) in whose hands funds have been placed to relieve persons injured in the riots, who were members of the police, military, or fire departments. Relief has been extended to about 110 persons from the three classes named, upwards of eighty of whom were policemen, some three or four firemen, and the balance military men. Three of the policemen and Captain Squires, (whose death the surgeons think was hastened by the excitement of July,) subsequently died.

A great many others were, of course, seriously or slightly injured, but there are no means of ascertaining the number.

Claims have been put in against the city for loss of property to a large amount, but they will be reduced very materially and audited finally at about a million and a half.

Truly yours,

D. B. HASBROUCK,
Chief Clerk.

To L. L. DOTY, Esq.

CITY AND COUNTY OF NEW YORK,
DISTRICT ATTORNEY'S OFFICE, *Dec.* 16*th*, 1863.

Sir: 1. Thirty-two persons have been tried for participation in the July riots.

2. Four of these were acquitted and the remainder convicted.

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3. Nine were convicted of the common law offence of riot; one was convicted of a simple assault, connected with riotous proceedings; seven were convicted of robbery; six were convicted of larceny connected with riotous proceedings; one was convicted of arson.

4. The aggregate term of imprisonment to which the sentences attain is one hundred and fifteen years, exclusive of fines. The highest punishment was fifteen years, and the lowest was thirty days.

I selected for trial, in the month following the riots, those cases which were accompanied with strong positive testimony. A number of undisposed of indictments rest upon conflicting evidence of personal identity, without corroborating circumstances for the prosecution. Two of the strongest of these have been tried, but the jury refused to convict against the doubts in this very delicate matter of identity.

I have the honor to be,

Your obedient servant,

A. OAKEY HALL.

To the Governor.

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PENNSYLVANIA INVASION AND NEW YORK RIOT.

HEAD-QUARTERS FIRST DIVISION N. Y. S. N. G.,
NEW YORK, *December 30th*, 1863.

Brig.-Gen. JOHN T. SPRAGUE,

Adj't-Gen. of the State of New York:

General—During the present year, 1863, the First Division has performed a large amount of duty. In addition to the usual parades and drills, the reception of regiments returned from the war, and funeral honors to our noble sons who have fallen upon the battle-fields of our country, in defence of the Union, the Division has been again called to the field, and upon its return has been engaged in the suppression of riots at home.

On the 16th of June last, I received orders of that date, from the Commander-in-Chief (a copy whereof is annexed), directing me to send as many regiments as possible to Harrisburgh, to assist in repelling the invasion of Pennsylvania by the rebels.

The destination of some of these regiments was changed by request of the War Department to Baltimore.

The following regiments of this Division were sent forward by me, pursuant to these orders, viz.:

7th	regiment,	800	men,	for Baltimore,	June	17th.
8th	do	350	do	for Harrisb'gh,	do	18th.
11th	do	850	do	do	do	18th.
71st	do	650	do	do	do	18th.
5th	do	900	do	do	d	19th.
12th	do	700	do	do	do	19th.
22d	do	600	do	do	do	19th.
37th	do	600	do	do	do	19th.
4th	do	500	do	do	do	20th.
6th	do	650	do	for Baltimore,	do	22d.
69th	do	700	do	do	do	22d.
55th	do	350	do	do	do	24th.
84th	do	400	do	do	July	3d.

These regiments were divided into three brigades, and were placed under the command of Brigadier-Generals Hall, Ewen and

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Yates, whose reports of their operations during their absence I have the honor to inclose, and to which I respectfully refer.

I have also the honor to inclose reports from the commandants of several of these regiments, which exhibit the details of their employment and services during their absence.

The readiness and alacrity with which these regiments departed to assist our sister State in the hour of danger, is evidenced by the fact that most of our New York regiments arrived at Harrisburgh before a single regiment reached there from Philadelphia, and were immediately sent forward to cover all the approaches to that city, and they effectually prevented the further advance of the rebel army.

During the absence of all these regiments of my Division, on the 13th of July last, a riot of the most serious character occurred (in consequence of the commencement of the United States draft), which for three or four days was more disgraceful in its character, and more serious in its consequences, than any before known in our city, and which could not have lasted twelve hours if one-third of our regiments had been at home at its commencement.

Upon the first alarm, upon the requisition of his Honor, the Mayor, the whole of the Division remaining in the city was ordered on duty; but the absence of over 8,000 men at the seat of war, had left me with so small a force that my means were entirely inadequate to the magnitude of the occasion.

In this emergency, Major-General Wool, commanding the United States Department of the East, in the most liberal spirit, immediately proffered the aid of the United States detachments in the harbor, and directed them to report to me for duty. The following is a copy of his order:

HEAD-QUARTERS, DEPARTMENT OF THE EAST,
NEW YORK, *July 13th*, 1863.

SPECIAL ORDERS.

All the troops called out for the protection of the city, are placed under the command of Major-General Sandford, whose orders they will implicitly obey. By command of Major-Gen. Wool.

C. T. CHRISTENSEN,
Ass't Adj't-General.

With the remnant of the Division, and the first of these reinforcements from Gen. Wool, detachments were sent to all parts

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of the city, and the rioters were everywhere beaten and dispersed on Monday afternoon, Monday night and Tuesday morning, and the peace of the city would have been entirely restored in a few hours, but for the interference of Brevet Brigadier-General Brown, who, in direct disobedience of General Wool, withdrew the detachments belonging to the United States, and thereby so materially diminished the force under my orders as to limit most seriously the operations against the rioters. General Wool's report to the Secretary of War, on this subject, will show his efforts to rectify the mischief, and the manner in which his orders were evaded and disobeyed.

Notwithstanding these difficulties, the north and west side of the city was effectually cleared of rioters by detachments sent by me from the arsenal. In Broadway, 42d street, 27th, 28th, 29th, 30th, 31st, and 32d streets, Seventh, Eighth, Ninth and Tenth avenues, mobs were attacked, and in every instance defeated and dispersed. No blank cartridges were issued to, or used by any of the troops under my orders. The gas works in 18th and 19th streets, and also upon the East river, Webb's ship yards, and the various manufactories threatened by the rioters were fully protected, and numerous fires in buildings occupied by colored people, and others obnoxious to the mob, were extinguished by the firemen, after the rioters were dispersed.

In these encounters I regret to report that Major Fearing, of my staff, was very seriously wounded whilst gallantly leading a charge upon the mob in 42d street, and one private soldier was killed, and twenty-two officers and men dangerously and fifty-three slightly wounded at the storming of the barricades erected by the rioters in 29th street, and in other conflicts which followed.

The whole of the force remaining with me at the arsenal was kept on duty day and night during the whole period, and twenty-six detachments at different times were sent out to disperse the rioters and protect private and public property.

This division has always been so organized as to be ready upon any emergency to effectually suppress all riots or insurrections, and the citizens of New York know that they can safely repose under its protection. The absence of the thirteen regiments above mentioned, and of six regiments of the division which volunteered for the war, alone gave temporary success to the rioters.

As soon as our regiments could be recalled they returned to the city, and the rioters were then entirely dispersed; but most

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of the regiments were kept on duty during the residue of the month of July, and some of them until the middle of August.

On the 17th of August last I received requisitions from the mayor of the city, and from the police commissioners, in apprehension of a riot on the renewal of the draft, which was appointed to take place in this city on the 19th of August last, requesting me to call out the first division to aid the civil authorities in preserving the peace, and suppressing any tumult, riot or insurrection during the draft.

In pursuance of these requisitions the whole division was called out and stationed by regiments and detachments in various parts of the city, from the High Bridge to the Battery, and was kept on duty until the fifth of September, and a small detachment from each regiment until the 15th of September.

In consequence of this precaution the draft proceeded without any interruption or breach of the peace.

A division parade took place on the first day of October last, by request of the common council of the city, for the purpose of uniting in the reception of Rear-Admiral Lesoffski and his officers of the Russian fleet, upon their first visit to the harbor of New York.

In consequence of the large amount of duty performed by the division during the year the usual division parade upon the 25th of November was omitted.

The ordinary inspection parades of the several regiments and brigades took place as usual, of which returns have been heretofore transmitted to your office.

I have the honor to be,
Very respectfully
Your obedient servant,
CHAS. W. SANDFORD,
Major-General.

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State of New York.

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ANNUAL MESSAGE

OF THE

GOVERNOR,

OF THE

STATE OF NEW YORK.

RESPECTFULLY
ANDREW
Senator

TRANSMITTED TO THE LEGISLATURE JANUARY 3, 1865.

ALBANY:
VAN BENTHUYSEN'S STEAM PRINTING HOUSE.
1865.

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State of New York.

No. 2.

IN SENATE,

January 3, 1865.

GOVERNOR'S MESSAGE.

EXECUTIVE CHAMBER,
ALBANY, *January* 3, 1865.

To the Legislature:

Alike gratified and grateful at the evidences of the material prosperity of the State, as well as with the increasing manhood, self-reliance and patriotism of the people, as shown in the progress of our country, in its great struggle for nationality, I enter upon the discharge of the duties of the high station with which I have been clothed.

The Constitution makes it the duty of the Governor to "communicate by message to the Legislature, at every session, the condition of the State, and to recommend such matters to them as he shall deem expedient." In compliance with this requirement, I shall in this, my first communication to you, give the "condition of the State" as I find it, upon examining the various reports I have obtained from the different departments, and shall recommend only those matters for your action which seem to me to be of greatest present importance, leaving for future attention such other measures as may from time to time claim consideration.

PUBLIC CHARITIES.

The munificent grants, from time to time, of preceding Legislatures, made in a spirit of enlightened benevolence, aided in some instances by private endowments, have established a system of public charities in this State, to which we may point with becoming pride. To the subjects of almost every class of diseases, misfortunes and infirmities, are offered special asylums, where,

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with the best medical aid and superintendence, the greatest opportunity is offered for relief or cure.

I herewith transmit to you the reports of the Superintendents of the Asylums for the Insane, the Deaf and Dumb, the Blind, the Idiotic, and the Inebriate, showing the present condition and needs of each of these institutions.

The suggestion in the report of the Medical Superintendent of the State Lunatic Asylum, as to the propriety of repealing the law which provides for sending insane female convicts from the State prisons to that institution, is deserving of your consideration. It will be observed that the great rise in the price of articles of consumption, and for service performed, will necessitate increased appropriations to maintain these various institutions in their greatest efficiency.

The Legislature of 1864 directed an investigation into the condition of the insane poor, confined in the various county poor houses. A report by Dr. S. D. Willard will be duly presented, showing the deplorable condition of this most unfortunate class. There are in fifty-five counties, not including New York or Kings, thirteen hundred and forty-five lunatics confined in poor houses and poor house asylums, nearly all of whom are incurable. Many have become, and others are fast becoming, incurable from inefficient care and treatment. The time has arrived when legislative provision for them should be made. The propriety of establishing an institution for incurables, an institution that shall relieve county authorities from the care of the insane, should be deliberately considered. More than one-fourth of this class of insane are capable of some labor. To what extent that labor, organized and systematized, might be made productive in the maintenance of an institution, under well directed medical superintendence, is likewise worthy of consideration.

Let me also call your attention, as citizens and legislators, to the increasing demand for benevolent action growing out of the great struggle in which the nation is engaged. The call of our country in its hour of need has met with a noble response from the able-bodied, self-sustaining citizens, and there have been left a greater proportion than usual of women, children, aged and infirm, in a condition of indigence and helplessness. Their claims upon us for assistance are not those of charity alone, but they may rightfully demand our sympathy and aid in the name of that patriotism which inspired the sacrifices that deprived them of their natural protectors.

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Notwithstanding the liberal provisions made by the Federal Government to those whose cases can be brought within the general rules by which its bounties and pensions are disbursed, there must be a large number of persons thrown directly from the camp and battle-field upon the charities of states, communities and individuals. These brave veterans are in poor condition to accept for all their sacrifices the simple honors of a nation's gratitude. They must be fed, clothed and warmed. Much has already been done in this direction. Vast sums of money have been contributed to the various soldiers' relief associations and in private charities, showing how thoroughly every Christian, philanthropic and patriotic impulse is enlisted, as well as how inexhaustible are our resources when the sympathies and interests of the people are awakened; and it only requires that these efforts should be organized to give them permanence, when they will become the crowning glory of our institutions.

The military State agency, and the soldiers' home, established by act of the Legislature in 1863, may be regarded as military charities, and mentioned in this connection. I cannot speak authoritatively of what has been done, as no report of their operations has been received. But the public position which I have occupied since the present war began, has afforded me facilities for learning the value of such instrumentalities. The soldier does not easily, nor should he be allowed to, relinquish his state pride and ideas of local citizenship, and I can assure you, from personal observation, how grateful to the hearts of these brave, patriotic men, are these evidences on the part of the State of its appreciation of their services, and interest in their behalf. This field of operations is necessarily somewhat independent and varied, and perhaps the beneficent dispensations connected there with being left to the Governor and his agents, more wisely and efficiently reach the wide and changing necessities of the soldier in the camp and hospital, or on the battle-field, than if governed by fixed general rules. Fully alive to the consideration due those who brave exposure, sickness, wounds and death in maintaining the integrity of the nation, it shall be my special aim to give to these agencies their greatest efficiency.

Banking and Currency.

The annual report of the Superintendent of the Banking Department shows that there were two hundred and ninety-five banks conducting the usual business of banking on the 30th of September,

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1864, with an aggregate capital of $107,306,948, and that sixty-two banks were closing their business voluntarily and through insolvency.

The total amount of outstanding circulation issued by that officer at that date was $40,118,635, of which sum $5,584,084 was issued to safety fund banks, under special acts of incorporation, and not required to be secured by any deposit in the Bank Department, and $34,534,551 was issued to banking associations and individual bankers, secured by

Bonds and mortgages	$2,944,071 00
Stocks of State of New York	16,093,740 10
United States stocks	17,839,950 00
Stocks of the State of Illinois	327,400 00
Cash	98,362 95
Total	$39,303,524 05

There has been, during the year, an increase of United States securities of $2,042,100; and a decrease of stocks of our own State $1,349,400; of bonds and mortgages $918,026.47; of circulation $738,103.

I am informed that there are now in existence and in operation in this State one hundred and two national banks (seventy-seven of which were organized since January 1, 1864), with an aggregate capital of $21,113,800, and with an amount of circulation issued of $13,134,200; and also that the number of State banks that have been changed to the national system, included in the above statement, is twenty four.

The banking system inaugurated by this State, and perfected under its laws, has resulted in furnishing a currency of unquestioned safety. The essential features of this system have been adopted by Congress in the "Act to provide a national currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863. Thus the benefits which our own citizens have derived from a secured bank circulation, will under the more extended jurisdiction of Congress, be enjoyed by the people of other States. Numerous banks have already been established under the National Currency Act, and appearances indicate that the whole banking circulation of the country will be issued by institutions organized under that law and subject to its salutary provisions. The interests of our citizens cannot fail to be subserved by the introduction of a general currency based upon ample security, receivable for the public dues, and redeemable at convenient points. The fears

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and prejudices which were at first aroused by the extension of a general system of banking, under the auspices of Congress, seem to be rapidly passing away, and many of the banks organized under the laws of this State, are taking initiatory steps towards reorganizing under the National Currency Act. Under these circumstances, it would seem to be the dictate of wisdom on the part of the Legislature, to grant such facilities for the change, as shall be within its constitutional power. The existing laws are undoubtedly ample for the protection of the outstanding circulation issued by them as State institutions, but the change to National Banks cannot be effected save through a tedious process. An act that should throw the sanction of law over the transition from State to National institutions, and that should render the change more expeditious and with as little disturbance as practicable to business relations, would, it is confidently believed, be productive of beneficial results, not only as relates to the institutions to be affected thereby, but to the community at large. A law having in view the object to which I have adverted, was passed at the last session of the Legislature, but failed of going into effect through the want of Executive approval. I commend the subject to your early attention.

FINANCES.

General Fund.—The Comptroller's report shows a deficiency in the revenue of the General Fund on the 30th day of September, 1864, of $863,814.67. This deficit is less than existed on the 30th day of September, 1863, by over $300,000, as will be seen below.

Deficiency in the revenue, September 30, 1863	$1,192,787 77
Payments of the year	7,458,563 46
Total	$8,651,351 23
Receipts	7,787,536 56
Deficiency September 30, 1864	$863,814 67

Other Funds.

Balance due the treasury, September 30, 1863	$534,289 16
Payment of the year on account of all the funds except the Canal Fund	10,820,807 78
Total	$11,355,096 94
Receipts	11,270,093 17
Treasury overdrawn September 30, 1864	$85,003 77

General Fund State Debt.

Amount of debt September 30, 1863	$6,519,654 37
Stock reduced during the fiscal year	240,700 00
Amount of debt September 30, 1864	$6,278,954 37

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State Tax.—There was levied in 1864 a direct tax of 5¼ mills for the following purposes:

¾ of a mill for schools; 1¼ mills for general purposes; 1 77-80 mill for bounties; 48-80 of a mill for canals, and 3-16 of a mill for the Albany and Susquehanna railroad.

The aggregate proceeds of the State tax levied in 1863, and payable during the last fiscal year, were $6,143,704.03, exclusive of the ¾ mill tax for school purposes.

Canals and Canal Funds.

Statement for the fiscal year ending with the 30th of September, 1864, namely:

Receipts and Payments.

Balance in the treasury and invested October 1, 1863		$6,915,617 21
Received during the year		5,061,176 24
		11,976,793 45
Payments		4,809,231 97
Leaving a balance on Sept. 30, 1864, of		$7,167,561 48

Revenues for the fiscal year.

Received from tolls	$4,308,781 20	
Received from rent of surplus waters and interest on current revenues, etc	37,484 32	
		$4,346,265 52

Expenses.

For collection, superintendence and ordinary repairs		1,028,909 46
"Surplus revenues,"		$3,317,356 06
The surplus revenues have been applied, under direction of the Constitution, as follows:		
Transferred to the Sinking Fund, under art. 7, sec. 1, of the Constitution	$1,700,000 00	
Transferred to the Sinking Fund, under art. 7, sec. 2, of the Constitution	350,000 00	
Transferred to the Sinking Fund, under art. 7, sec. 3, of the Constitution	1,116,242 66	
Transferred the remaining surplus to the Fund for support of Government	151,113 40	
		$3,317,356 06

Statement of the Canal Debt, paying interest on the 30th September, 1864.

	Principal.	*An. in. of*
Under art. 7, sec. 1, of the Constitution	$7,906,224 76	$434,253 48
Under art. 7, sec. 3, of the Constitution	11,736,000 00	696,800 00
Under art. 7, sec. 10, of the Constitution	442,585 49	24,629 28
Under art. 7, sec. 12, of the Constitution	2,243,000 00	134,580 00
	$22,327,810 25	$1,290,262 76

The gross earnings of the canals from the close of the fiscal year 1860, to September 30, 1864, four years, were $17,722,384.84. After paying the expenses of superintendence, collection and ordinary repairs for the same period, $3,279,976.44, there was a net balance of surplus revenues amounting to $14,442,408.40. From this

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sum there has been appropriated to the Canal Debt Sinking Funds $10,824,570,14; to the funds for the extra repairs and improvements of the canals, for land damages and other claims against the State, growing out of the enlargement and completion of the public works $1,666,724.86; to the General Fund, on account of interest on the General Fund Debt, and for the support of the Government, $1,951,113.40, making altogether $14,442,408.40.

The amounts carried to the credit of the Sinking Fund have been applied, so far as necessary, to the payment of the interest and principal of the canal stock debt. On the 30th September, 1864, the balance in all the Sinking Funds, in the aggregate, was $6,022,-609.90, constitutionally pledged to the payment of the interest and principal of the canal debt. It is a matter of pride and gratification that since the close of the fiscal year in 1860, this debt has been reduced $4,779,511.23.

The Auditor of the Canal Department reports that there are now outstanding and unsatisfied claims against the State, including interest to the date when payment can be made from funds now to be provided by taxation, amounting to $586,329.59. These claims are founded upon awards by the Canal Appraisers for lands taken for public uses, and upon awards by the Canal Board, under special acts of the Legislature. I recommend that provision be made for the payment of these claims at the earliest period practicable.

The Auditor estimates that there will be a deficiency in the canal tolls the current fiscal year, owing to the very large sums needed for the repairs and maintenance of the canals, to an extent that will render additional aids to the Sinking Fund, under article VII, section 3 of the Constitution, necessary to enable the State to preserve the public faith towards its creditors. The claims upon the fund will be for interest upon the $12,000,000 debt for the next fiscal year, and whatever the deficiency may be, it must be supplied by deficiency loans upon the credit of the fund, or by equitable taxation.

We should not, in my judgment, borrow money to pay the interest on the public debt. The disposition and ability of the people to bear the burdens of the hour, and discharge occurring liabilities and demands upon them, is a gratifying evidence both of their patriotism and prosperity. The practice of paying debts, instead of borrowing to pay, should be observed by governments as well as by individuals, and especially should the rule of prompt

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payment of interest on debt from ordinary resources or taxation never be departed from except in unexpected emergencies. Notwithstanding the heavy burdens of taxation, the people in all the industrial pursuits exhibit a comparative increasing prosperity. It may not be improper to refer, at a time when so much solicitude is felt as to the strength and resources of the loyal states, and the prosperity of the people, to the share which New York State has in making up the aggregate of these resources.

The contest forced on the people for national existence is severe, yet the magnitude of the means it has developed, and the strength it has shown the loyal states to possess, exceed all our calculations. We may, with just satisfaction, point to the leading facts of our prosperity, when the purpose to be served is to strengthen and encourage the patriotic impulses of the people, and to sustain them in the discharge of duties which often involve great hardships and trials. The sacrifices they are called on to make will not be considered in vain, when the national strength develops itself in such unexpected proportions, and seems to defy the demands of this gigantic war.

The geographical position of our State is such that it has at all times drawn to its ports, and carried over its interior lines of transportation, the greater share of the foreign commerce and of the interior exchanges of the United States. This concentration of trade has increased since the war began in consequence of the closing of the Southern ports, and the stoppage of trade on the Mississippi, and not only has this tendency been more decided, but, in addition, the volume of all classes of trade, foreign and domestic, has been greatly enlarged, contrary to the predictions of the enemies of the Union, and to the surprise of most of its friends. The chief seaport of the country has increased its business both in foreign and domestic commerce more rapidly than at any previous time, and the great lines of transportation have nearly doubled the quantities of produce carried through this State to the seaboard since 1859, and the greater proportion of the increase has been subsequent to 1860, or during the years of actual war.

The public works of the State, now more decidedly than ever before, indicate the wisdom of their founders, and the great railroad lines find their capacities taxed to the utmost with only occasional interference with the canals.

The report of the Auditor shows a falling off in the revenue of the canals for the fiscal year, but this may be the result of the

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anxiety of the people to reach the markets with their produce in the quickest possible time while prices are ruling high. Oftentimes their interests will be promoted by paying the higher rates of railroad transit, with the view of seeking a market which to-day is buoyant and to-morrow may be depressed. Hence large quantities of produce have been diverted from the canals to these speedy lines of communication, thus swelling their business, as their annual reports exhibit. It is not doubted, however, that the transit of internal commerce will find its accustomed channel when the circumstances which have operated temporarily to control it, are at an end.

The tonnage of produce going eastward on the Erie canal, derived from the Western States and the Canadas, rose from 1,034,763 tons in 1859 to 2,594,837 tons in 1862. During the years from 1859 to 1864 inclusive, the two great railroad lines carried eastward the following aggregates of both through and way freight:

Year.	Central Railroad. Tons.	Erie Railroad. Tons.
1859	570,927	.....
1860	730,258	.....
1861	881,028	827,807
1862	1,064,128	972,332
1863	1,044,259	1,088,109
1864	1,557,148	1,332,954

With such conditions attending the very crisis of the great national trial, as regards the activity of trade, and the quantities of staple articles produced in the interior and sent through and out of the State for exchange at its commercial centre, it is reasonable to assume the stability of the large interests confided to our charge within the State, and to place the most implicit reliance on the power of the country to sustain the exhaustion of war.

Turning from this internal movement to the foreign trade conducted at the port of New York, we find it increasing during this critical period quite as rapidly. The exports more than doubled from 1859 to 1863, and the imports which were previously greatly concentrated at that port were fully maintained.

These facts are important and significant, as I before remarked, from their relations to the dangers in which the country is involved. They afford the amplest assurance, also, of the great and permamanent value of the public works, which are the property of the State, and that they may be relied on as a permanent and productive basis of revenue. The Western producing States are especially benefited and aided by the public works, and experience

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has fully shown that the great natural channel of the St. Lawrence river, though open to almost unrestricted use for the United States produce shipments outward, withdraws but a small percentage of this Western trade.

The increased business of the State in manufacturing and other industrial pursuits has kept pace with the advance before described, but it cannot be made the subject of equally definite statement. The evidences of this manufacturing activity are everywhere abundant. It has caused an increased consumption of many products of the State, and by so much has had a tendency to create the appearance of decline in such products, when in fact a substantial increase occurred.

Such are the contrasts which encourage the people under the trials which they have by their patriotic energy controlled to their advantage when it was asserted that the result would be the ruin of their industry and their commerce.

Agriculture.

Everything which pertains to the cause of agriculture is of the utmost concern to all. The productions of the earth from tillage are the chief resource of our prosperity in times of peace, and upon their abundance the support and effectiveness of our armies are dependent in time of war. It is with great satisfaction, therefore, that I extract from the report of the Corresponding Secretary of the State Agricultural Society the information that the agricultural interest of the State is in a flourishing condition, and that the recruiting of the armies, which affects this interest more, perhaps, than any other, has not seriously diminished its productions, the introduction of labor-saving machinery having, in a great degree, compensated for the lack of men engaged in manual labor.

I am informed that an application will be made to you in behalf of the Agricultural College. This institution has been closed since 1861, for want of means to carry out the design of its foundation. A most generous offer of endowment has been recently made by a distinguished citizen of the State, on condition that the Legislature shall make a grant to it from the income of the public lands. I doubt not you will consider this offer and take such action thereon as the nature and importance of the subject may demand. It is certainly desirable that this institution may be speedily enabled to enter upon its appropriate and valuable sphere of usefulness.

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CODIFICATION OF THE LAWS.

The codification of the laws of the State, which was initiated under the State Constitution of 1846, and pursued under various acts of the Legislature since that time, has been in charge of two boards of commissioners, who have co-operated in the task. I am informed that all the codes, as prepared by the commissioners, will be ready for examination and adoption during your present session. The Political and Penal Codes will be ready to submit immediately on your assembling, and the Civil Code very soon afterwards.

COURT OF APPEALS.

I would also call your attention to the subject of the resolutions for an amendment of the Constitution, so as to create a Court of "Commissioners of Appeals" to aid the present Court of Appeals in disposing of the business which has accumulated in that Court. Those resolutions have been passed by two successive Legislatures (see Session Laws of 1864, page 1347), and an act providing for their submission to the people, as required by the Constitution, was passed by the last Legislature, but for some reason failed to receive the approval of my predecessor. It is true that under section 2d, article XIII of the Constitution, we may have a convention to revise the Constitution in 1867, yet with the present condition of the business now before that court, I think the commission should be created, as it will be confined in its action (as will be seen by the resolution), to appeals pending when the amendments shall take effect, and hence will not be continued longer than to perform the unfinished business. I am informed that there is now five years business, and by 1867, with the present organization alone, there would be seven or eight years business in arrear, upon the calendar of the court. This delay is not attributable to any want of industry in the judges, as they have done all which men could do to dispose of the cases. It is owing, undoubtedly, to an insufficient judicial force. Long delays in the decision of legal controversies (especially commercial questions, which constitute a large portion of the business of the court), is not only annoying and injurious to the parties, but a reproach to free government. I renew the recommendation of my predecessor, for the passage of a law at the earliest day, submitting the above mentioned resolutions to the people.

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Metropolitan Police.

I can do no more in this message than merely call your attention to the able report of the Metropolitan Board of Police of the cities of New York and Brooklyn, which is herewith submitted. It makes startling developments of the increase of crime, and the jeopardy of life and property in those great cities, and suggests much radical and amendatory legislation, to the end that justice and order may be more effectually promoted.

Central Park.

The Central Park, in the city of New York, is approaching completion. Its management has been fortunate enough to secure the cordial support of the people of the city, and the results already developed have been such as justly to commend it to the regard of citizens of all parts of the State. The beauties it displays, which are to be increased, indicate for it a marked influence upon the health and pleasure of the people of the city, and that it will be widely useful to the whole country for example and instruction in all the arts that are so well illustrated in its progress.

Immigration.

The number of alien emigrants who arrived at the port of New York during the year, from January 1st to December 31st, was 182,766, showing an increase over the year 1863 of more than 25,000, and being as large a number as for any year since 1854. The fund under the control of the Commissioners of Emigration is created by a per capita tax of two dollars for each alien, and while during the year there was a great advance in the cost of all supplies required for the support of the emigrant institutions on Ward's Island over the preceding years, yet the economy with which the affairs of the Board is administered, as well as the increased arrival of emigrants, has enabled the Commissioners to carry into effect a long cherished design in the erection of a series of new and improved hospital buildings. The cost of these buildings, which it is said will be ready for occupation in the spring, will be about $300,000. For further information I refer you to the annual report of the board.

State Prisons.

The Inspectors of State Prisons report that there has been a constant decrease in the number of inmates of these institutions.

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There were remaining on the 30th of September, 1864, in all the State prisons, including the female prison at Sing Sing, and the asylum for insane convicts at Auburn, 1,802 convicts, of whom 158 were females. There is an increase of female convicts, and the Inspectors state that the female prison has an excess of inmates and recommend that the Legislature provide for the confinement of female convicts from the western part of the State, in some institution in that section. The cash receipts at all the prisons during the past year compare favorably with the previous fiscal year.

Amount received into the treasury from Sing Sing	$116,526 91
Amount received into the treasury from Auburn	119,350 65
Amount received into the treasury from Clinton	43,074 50
Total	$278,952 06

The expenses during the same period have been:

At Sing Sing	$186,951 31
At Auburn	104,625 45
At Clinton	80,332 78
Total	$371,909 54

The high prices prevailing for all materials and supplies have caused the expenditures to be relatively larger than usual.

The Inspectors in their annual report, discuss the question of discipline, labor, expenditure, and other topics of interest, in connection with the prisons.

In regard to Clinton prison, they report that they have found it difficult to secure favorable contracts for the labor, and submit to the Legislature the question as to what shall be done with the prison, the convicts, and the labor, in the event of there being no demand for work of this character at that place. The annual inventory shows the value of the property owned by the State at this prison to be $454,871; of which a large per cent. is in machinery. It is desirable to make this property productive, and if practicable, to meet the expectations of Northern New York, by continuing to maintain the prison there. To meet the case, the Inspectors suggest that an immediate appropriation be made for procuring a stock of materials, to the end that the convicts may be kept profitably employed. As directly affecting the financial management of the prisons, however, and the general policy of the State with regard to them, I submit this, together with other important questions relating to the finances and discipline of the penal institutions of the State, to your early attention.

The Prison Association of New York, which is not only authorized, but required by its charter, to visit, inspect and examine all

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the prisons in the State, and annually to report their condition to the Legislature, has, during the past year, pursued its appropriate work with extraordinary diligence. Special attention has been given to the county jails, and inquiry has been made into the general administration of penal justice, the sources of crime and the relations of insanity to what would be criminal action in persons of sound mind, and results both interesting and instructive have been reached through their investigations.

The report of the Association to be submitted to the Legislature, will present facts and suggestions touching the condition of our prisons, the working of our prison system, the methods and measure of the reforms needed therein, and the proper treatment of the criminal insane.

All these matters relating to prisons, prison discipline and reform, are worthy of your careful consideration.

Census.

The Constitution of the State requires that a census shall be taken during the present year, and the Secretary of State will, at an early day, submit for your action his views of the changes necessary to be made in the existing law, to adapt it to the present condition of affairs. The results of the coming census will be awaited with interest, and it is believed the population of the State will be shown to have largely increased since the last enumeration. I think I am warranted in assuming this by the votes cast at the late election, as compared with previous years. Thus, in 1860, the whole number of votes was 675,156, while in 1864 the number was 730,712, with many soldiers and sailors absent from the State under circumstances precluding their exercise of the elective franchise. Estimating the number so absent at 20,000, the calculated excess of population in 1864 over 1860 is 437,000, an increase of over ten per cent. on the total of 1860, and it will be seen that the population of the State, calculated on the ratio of the increased vote, attains to 4,307,616, at the close of the year 1864.

Education.

The Report of the Superintendent of Public Instruction shows our schools to have been, during the year, in a prosperous condition. Notwithstanding the extraordinary demands occasioned by the war, upon the attention and resources of our people, it is apparent that there is no diminution in the interest manifested in the

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progress of public education, or in the fidelity of school officers in the discharge of their duties.

The following brief summary is gleaned from the records of the Department, and from the Commissioners' reports:

Receipts.

From Common School and United States Deposit funds	$320,000 00
Avails of the ¾ mill tax	1,090,841 11
Voluntary taxation in the school districts	2,668,079 29
Rate bills	429,892 52
Gospel and school lots	18,412 57
From other sources	56,031 99
Total	$4,583,257 48

Expenditures.

For supervision (rural districts)	$56,000 00
For teachers' wages	3,093,460 46
For libraries	26,890 51
For apparatus	137,613 49
For building and repairs	647,301 23
For colored school	30,468 33
Miscellaneous	614,036 64
Total	$4,605,770 66

Number of children in the State between the ages of five and twenty-one years	1,307,822
Number of children who have attended school at any time during the year	881,144
Teachers employed at the same time for six months or more	15,801
Whole number of male teachers	5,707
Whole number of female teachers	21,754
Total number of school districts	11,459
Total number of school houses	11,457
Whole number of months school	82,727
Number of months school taught by qualified teachers	82,389
Average number of months school	7¼
Number of volumes in district libraries	1,111,438
Number of pupils attending the Normal School during the year,	299
Number of teachers instructed in Teachers' Institutes	7,349
Classes in academies	1,683
The amount of money to be apportioned by the Superintendent of Public Instruction, for the support of common schools for the current fiscal year, is	$1,445,749 90

The consolidated act in regard to public instruction, passed last May, is regarded favorably, and the mode therein provided for the apportionment of public moneys, is causing a large increase in the number of pupils at the schools, and in the daily average attendance. To give full force and effect to that act, and to increase parental solicitude for the proper instruction of the young, the propriety of making more ample provision for an annual supply of thoroughly qualified teachers is suggested. Creditable provision for this purpose has already been made in the Normal School, teachers' classes in the academies, teachers institutes, and the Oswego Training School for primary teachers; but these, as now supported, are manifestly inadequate to supply so great a demand.

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I desire to repeat the suggestion made by my predecessor, urging upon the public the duty of a proper recognition of the important services of the teachers, on whose intelligence and fidelity the welfare of their children in such great measures depends.

The higher institutions of learning are in a condition of continued prosperity. The report of the Regents of the University shows an increased attendance, both in the colleges and academies of the State, over that of the previous year. When we consider the number of young men who abandoned their studies at the call of the Government, and the great drain on the labor of the country, this result is most gratifying. The means of education were never more earnestly sought, or more liberally provided.

Elective Franchise.

I desire to call your attention to the importance of guarding and protecting the elective franchise, by such laws and regulations for its proper exercise as will insure its purity and vigor. The Constitution gives to every American citizen of proper age and qualifications, the right to free suffrage, and makes it the duty of the Legislature to pass such laws as may be necessary to ascertain by "proper proofs," the persons entitled to enjoy it. The cardinal principle enunciated in the Declaration of Independence, that "all true Governments derive their power from the consent of the governed," can best be guaranteed and perpetuated by the healthful exercise of this most sacred privilege. While it is of the utmost importance that all who have a constitutional right to exercise the elective franchise should have every facility for so doing, it is of equal consequence that those who have not this right, be debarred therefrom, and that frauds and abuses of all kinds should be detected and punished. The present law for the registration of voters has, no doubt, been of great utility in protecting the purity of the ballot box, but still I am persuaded it falls short of accomplishing the entire object for which it was framed. Coming, as you do, from all parts of the State, and each knowing the practices and abuses of his particular locality, the proper remedies will suggest themselves to your minds, and you will be able to adopt such measures as I hope will tend to do away with the existing evils, of which so great complaint has been made.

Before leaving this subject, I would call your attention to the act of last session, whereby citizens absent from the State in the

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military and naval service, were authorized to participate in our elections.

The object of this law meets my hearty approval. If there is one class of men in the country more than another, whose rights to the elective franchise should be protected, and to whom the greatest facilities in its exercise should be secured, it is that portion who exchanged the comforts of home for the duties of the camp and the battle-field, and who are separated from the associations and interests so intimately and affectionately blended with the former, while watching over and guarding the public liberty and our individual safety in the hour of peril. While the purpose of the law referred to was undoubtedly to secure this high and just privilege to the persons in question, I am convinced that, in its practical operation, it is liable to great abuses. I recommend the subject to your most earnest attention, with entire confidence that your good judgments will suggest such amendments to the existing statute, as shall put it beyond the power of evil disposed persons to perpetrate fraud under it.

MILITARY.

During the past year, according to the Adjutant-General's Report, the State of New York has sent 161,614 men into the field, and from 15th of April, 1861, to the 1st of December, 1864, as appears from data supplied by my predecessor, the State furnished 437,701 men to the Government, including the credits under the draft of 1863; of this number 409,426 entered the Army and 28,275 the Navy. I suppose, however, that the number of men reported as above to have been sent into the field, includes the militia who were called out for a brief period of service.

Quotas of 1864.

There were three calls for volunteers by the President, in 1864. The quotas under those of February and March, were filled before the first of July, and on that day there stood to the credit of the State an excess of 5,251 men, to apply on the subsequent call. The quota under that of July has also been filled, as is shown by the following general summary:

Quota under call of February 1, 1864		81,993
Quota under call of March 14, 1864		32,794
Quota under call of July 18, 1864		89,318
Total quota of the State for 1864		204,105
To meet these are:		
1. The excess of credits over all calls prior to 1864, as appears by the account current between the United States and the State of New York, on December 31, 1863	51,420	

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2. Men sent into the field in 1864	128,161	
3. Naval enlistments prior to February 24, 1864	28,275	
4. Deductions from quotas on corrections of enrollment, say,	1,550	
		209,406
Leaving excess on credits December 1,1864		5,301

The naval enlistments included above are of those who entered the sea service between April 15, 1861, and February 24, 1864, but who were not previously credited on the quotas of the State, nor of localities.

I desire to say in this connection that I deem it of the utmost importance to the efficiency and good discipline of military bodies, that the commanding officers should be men of moral character and the best military attainments. The appointment of all commanding officers, up to and including the rank of colonel, devolves upon the Governor. In all cases where promotions become necessary, I shall make it a rule to appoint according to previous rank and meritorious services in the field.

Military Statistics.

The Bureau of Military Statistics, under the supervision of its able chief, has continued to prosecute its inquiries during the past year with success. Its collections already embrace invaluable records and memorials, and while each day adds to their interest, so do its collections increase in extent and in practical usefulness. Connected with the Bureau is a fire-proof repository for returned battle flags, trophies, and other evidences of the valor of New York's heroic sons in the present war.

Bounties and Recruiting.

The matter of maintaining the armies of the Union in a condition for successful military operations has been and still continues to be of the gravest moment to the country, and has called upon the people to exercise a spirit of sacrifice and patriotism unequaled at any former period. There has already come upon us a further call for 300,000 men, and it is but reasonable to expect that, should the war continue, there will, from time to time, be further calls for troops, to fill the vacancies occasioned by the expiration of terms of service, and from other causes. The experience of the past year in procuring men, and the operation of the system of raising bounties, suggest matters for careful consideration. Under the present laws, towns and sub-districts are authorized to raise bounties, without any limit as to the amount, for the purpose of filling a quota under an actual call, but cannot raise them with a view to obtaining volunteers to apply on future calls which may

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be made. The operation of this law is such that during the interval between the filling of one quota and the call of another, no effort is put forth and no men are enlisted. The result is that large numbers of men have to be raised in a very limited time, and, under the excitement and competition, localities are constantly overbidding each other, while the men who intend to volunteer hold back until this competition shall have realized for them the highest possible offers. The bounties thus actually paid to volunteers are very unequal, and are often the cause of dissatisfaction among the recruits after they have entered the service. In view of these facts, I would respectfully submit whether it would not be well to so amend the law as to fix the maximum amount which each locality could raise by legal taxation, and enable them to raise and pay these bounties with a view to future contingencies.

Recruits for Two Years Regiments.

Some, perhaps most, of the recruits for the two years regiments of this State enlisted under the belief that they would be released at the expiration of the term of the regiment. In many instances recruiting officers so assured them. But, as is well known, instead of being permitted to leave the service with the regiments in which they first entered, they were held to the terms of their muster, or for the full period of three years. There are yet a few of this class in the field, and, without referring to its legal aspect, I recommend that a suitable presentation of the case be made by you to the General Government, to the end that, so far as practicable, any substantial cause of complaint in this regard be removed. These two years regiments were raised under the direct authority of the Legislature, and were specially accepted by the President, and I conceive that a rule which properly applies to recruits in other regiments may except these from its operation.

National Guard.

The report of the Adjutant-General, with reference to the National Guard, shows, at the last inspection, the following :

Total force	45,910
Divided into regiments	108
Battalions	2
Batteries	5

New organizations formed during the year :

Regiments	23
Battalions	2
Batteries	3
Companies created	235

The number of commissions issued to the officers of the National

Guard, as reported to me, is 1,865. Five thousand uniforms have been issued through the Quartermaster-General's office.

The biennial enrollment of the militia, as far as completed, shows 314,308 men.

It is apprehended that many of the organizations of the National Guard are very incomplete, and of little available efficiency. I shall institute an immediate investigation of its condition, and if anything is necessary to complete or create a more perfect system, I shall make it the subject of future communication.

There is no right of the citizen more sacred than that of bearing arms, and no duty more imperative upon freemen than that of being prepared at all times to resist aggression. A constant preparation for war is a great conservator of peace. The Federal Government has justly enough assumed to itself the right of raising troops to put down this rebellion. Experience shows, however, that the consequences of war are not confined to the struggle of grand armies on historic battle-fields. War engenders a spirit of mob violence, lawlessness and disregard of life. A complete military organization enlists at once every able-bodied loyal citizen on the side of order, and creates a constabulary force of such strength as to discourage outbreaks against the peace of the community, and capable of dealing summary punishment when they appear; it renews to the citizen on each review day the grand traditions of the race, gives rise to more exalted feelings of personal responsibility to the Government, and cultivates in the minds of the whole people chivalrous sentiments of national honor, such as ever characterize those who are made familiar with the thought of facing death in defense of their rights.

On our northern frontier a band of desperadoes, have recently been, and it is feared are still organized within the jurisdiction of a professedly friendly government, threatening raids, guerilla attacks, and robbery upon our peaceful citizens. We can scarcely expect the Federal government to maintain, on this extended frontier line of 500 miles, a cordon of bayonets to protect us from the vagrants who threaten us. But the commonest instincts of self-defense, and the dignity of the State, demand that we should be at all times prepared to defend ourselves.

The importance of a thoroughly organized State Militia, in maintaining the nicely adjusted distribution of power between the State and Federal governments, so necessary to the well-doing of our peculiar institutions, is not unworthy of consideration. This

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distribution, so satisfactory in times of peace, has, in some degree, been disturbed by the accessions of authority and influence to the latter, growing out of the needs and operations of this war. I am not disposed to question either the constitutionality or expediency of the action of the Federal government, in the pressing emergencies of the rebellion. But it may be questioned not only how far the feeble character of the military organizations of the Northern States compelled the national authorities to resort to the present method of raising forces, but even encouraged and made possible the rebellion itself. It is certain, however, that a numerous well-disciplined militia, ready and prompt to act in any exigency, will hasten the time when the National Government may relieve itself from the burden, and the State from the danger, of large standing armies.

Local Legislation and Economy.

In these times of vast transactions, on the part of the National Government, in the products of almost every branch of industry, when every business enterprise is stimulated to an unprecedented degree, there is likely to develope in individuals and legislatures, a tendency to extravagance and speculation. Under such stimulus a thousand fancies assume the appearance of reality and value, and legislative bodies are approached with the utmost honesty of purpose for their sanction and aid to schemes which, for the time, seem to promise the development of great resources, and to be of very general benefit. I hope the efforts of your bodies, forewarned by many disastrous precedents, will be directed to discourage this tendency. A spirit of speculation may be checked, as far as you can influence it, by discouraging special legislation, and confining your action to matters of undoubted general interest and established precedent. It is better that even a few meritorious subjects of local interest should lie in abeyance for a time, than that you should give way to the pressure sure to follow of numberless schemes, the real value of which it is impossible to determine in the present condition of things. I doubt not that you will be governed by a sense of that economy which requires the confining of your expenditures within the limits set by law and wholesome experience.

General Considerations.

The best criterion of a great people is their capacity for endurance. Mankind show themselves heroic amid suffering and t so with our ancestors, so is it with us now. And, having

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lutely determined to go thus far in the struggle, we shall not falter or hesitate when the rebellion reels under our heavy blows, when the victory, upon all the methods of human calculation, is so near.

It is hardly worth while to enter into a general discussion of the causes of the war which was forced upon us, or to speak of the duty of the people in the crisis. The flagitious character of the former is seen more and more clearly, and the latter is so obvious and readily accepted, that I could add nothing to its clearness or the spirit which animates it. In the years of peace and prosperity of our country, the northern mind, as a general thing, reposed in the anticipation that slavery would be ultimately removed by methods, though peaceful, as imperative and inexorable as are the laws of population and the progress of Christian civilization. The like consideration or apprehension rendered the slaveholding class in the South politically desperate, and with the bitterest hatred towards free industry, finally led to the conspiracy against the Government. The slaveholder contemplated his own class, which, numerically, did not include more than one million and a half. He saw, on the other hand, that the preponderance of free labor, with its increasing power and right, would, in the future, govern the country. It was this view of the case which led the privileged portion of the South to enter upon the project of revolution, and which not only meant separation from the North, but also a change from a democratic to an aristocratic government—to abrogate popular government in the South, and create another upon the ruins of the old which should perpetuate slavery. It was a conflict over the fundamental principles of government. This is alike evident from the purposes of those fomenting and leading the revolt, and from the ready sympathy with which the treason has been greeted by the opposers of popular government in Europe.

Whilst the patriotic masses of the Union who have struggled to uphold the nationality and save the life of the Republic have had the active sympathy of the humane and liberal people of Europe, we have found in the supporters of anti-democratic governments abroad the apologists, the advocates, and to some xtent, the aiders and abettors of the rebel cause. So long as man bondage could be made a national stigma and dishonor to g American democracy into disrepute, the organs of aristo- in Europe were open in reviling slavery. But when slavery

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perpetuation became the motive for overthrowing popular institutions in America, the rebellion was justified in the opinion of this class.

But we may reasonably expect, in view of transpiring events, and the recent expression of public opinion, that this institution, which has thus always been an element of weakness and dissension at home, and a source of reproach abroad, will be eradicated from the land. It seems to have been so ordered, by an overruling Providence, that the mad ambition of those who sought to perpetuate slavery, at the expense of the Union and civil liberty, should not only have arrayed the armies of the North to overthrow its material power, but should have stimulated the moral consciousness of the people to a clearer view of its wickedness and disloyalty, so as for the first time in our history to render its utter extinction feasible.

I may safely predict, as I earnestly hope, that an amendment to the Constitution will be speedily submitted to the people and adopted by them, which shall forever prohibit slavery within the free Republic of the United States of America.

The Constitution of the Union makes it the duty of the National Government to maintain for the people of all the States republican governments. It is no less the duty of each State to throw its whole weight and influence firmly on the side of this great fundamental requirement. This government our fathers intended to establish and transmit as a legacy to posterity. Irrespective of the divisions into States, we are called upon to maintain and perpetuate the trust. Eighty years of enterprise, prosperity and progress have not lessened our obligations, or checked our devotion to the great cause of civil liberty. It is not a mistake to assume that, whatever exigency may follow, whether domestic or foreign, the great body of the people will go forward to meet and overcome it with the same firm and irresistable energy which characterized our ancestors, and has marked the subsequent course of our civilization. In this patriotic determination of the people for unity, liberty and the Constitution, I shall, at all times, earnestly join.

REUBEN E. FENTON.

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State of New York.

UNIV. OF MICH.
SEP 2 1909

No. 2.

IN ASSEMBLY,

January 2, 1866.

ANNUAL MESSAGE OF THE GOVERNOR.

To the Legislature:

The circumstances under which we meet are very different from those of a year ago. Then the whole country was convulsed, and every energy of the people exerted to sustain the most formidable armament, and in the prosecution of the most stupendous war that history has yet known. Since then our arms have conquered a Peace as complete and honorable to our government as it has been disastrous to those who causelessly sought its overthrow.

The fundamental principle of our nationality, the doctrine of civil liberty, and inviolable federal unity, have been established in the court of last resort—an appeal to the God of Battles.

Perhaps the most wonderful events of these remarkable four years, have followed the cessation of hostilities. The federal government, confiding in the completeness of its material and moral victories, though no formal peace was declared, within eight months from its last decisive battle, disbanded one million men, who, without disturbance or commotion of any kind, have, in that brief period, been absorbed into the body of society. No less remarkable is the manner in which all our industrial pursuits have withstood the change, in so short a time, from intense warfare to profound peace. Scarcely had hostilities ceased, when every dapartment of industry, previously taxed to its utmost capacity to provide the enginery of war, found an equally urgent demand to supply the wants of civil commerce and the peace establishments of a people who, with recuperative energy unparalleled, had, without pause, set about repairing, restoring and reconstructing what their own hands had so lately disturbed or laid waste. Looking throughout the

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State, and through all the land, we see everywhere the evidence of remarkable activity and prosperity. But let us not feel too confident and self-reliant in view of these blessings. Let us rather find expression for the gratitude of our hearts in thanks to Him, who, while we sacrificed boldly and uncalculatingly in behalf of liberty and the decrees of His infinite justice, has given us not victory only, but immunity from the exhaustion and stagnation which has ever characterized the close of wars waged in the interest of selfish aggrandizement.

New York Soldiers.

During my administration no subject has occupied more of my attention than the condition of our soldiers. I have not hesitated to make liberal use of the sum so munificently granted by the last Legislature to provide for their relief and care. While the war was yet in progress the system of Military Agencies, which I found in existence, was extended with some modifications, until every point where our sick and wounded soldiers were congregated in any considerable number, was in charge of an efficient agent, with suitable assistants, to visit them and provide for their wants. The value and importance of these agencies have not been over-estimated. They kept alive in the soldier an interest and a pride in his State by an exhibition of reciprocal concern on its part for his fortunes.

During the process of disbandment, when thousands of men were rapidly transferred from distant points to the place of rendezvous, these agencies, situated on all important thoroughfares, were kept constantly open for aid and direction. At points of mustering out they were resorted to by soldiers, and not unfrequently by officers, for assistance in recovering lost, and correcting defective papers, and for advice in the settlement of accounts complicated by the almost infinite variety of incidents common to active service. These agents performed valuable service also in cautioning and protecting our soldiers, *in transitu*, against frauds and robberies which have, at times, been perpetrated to an alarming extent, and with great impunity, and in supplying those destitute, with clothing, subsistence and transportation to their homes. It has thus been my endeavor to maintain, in all these varying circumstances, a guardian care over the interests of these brave men.

The duties thus imposed upon these agents have been varied, onerous and difficult. They were obliged to become familiar with

the details of military routine. To gain the confidence of the soldier and learn his wants, called for the kindest expressions of fellowship and sympathy, while to bring these wants to the attention of those in authority required judgment, respectful address, and patient assiduity.

The labor has been faithfully and well performed by the general superintendent and his able assistants. His report will soon be laid before you. Perhaps it may be thought that my duties as almoner of this fund should have ceased upon the return of the majority of our forces to their homes. I sincerely hope, however, that you will only regard my subsequent action as anticipatory of your own legislation in this behalf. My attention was early attracted to the number of men discharged with only partial, or without any payment of their just claims against the Federal Government. Failing to procure immediate relief from the hardships of these cases upon appeal to the Federal authorities, I felt justified, as the most economical mode of aiding the men thus thrown, indigent and disabled, upon the community, in adding to the duties of the military agencies that of collecting these claims.

The admirable working of this plan leads me to respectfully suggest the propriety of establishing, for a limited time, a system of claim agencies, by which the State shall perform its further duty in the assertion of their just claims upon the Government, under a contract which, at imminent peril to themselves, has been of signal advantage to their country.

I desire, also, most earnestly to urge the claims of these maimed and disabled men for other and more permanent relief. Many of them must become objects of charity, not through idleness, improvidence or vice, but through the casualties of a war waged in behalf of freedom and a nation's life. The commonest sentiments of humanity, patriotism and State pride are repugnant to classing and providing for these mutilated and war-worn veterans as ordinary paupers. It should also be remembered that, though their valor and discipline as soldiers has been proved on many a sanguinary field, they have never ceased to be citizens. They went out from us in the prime of life, many of them heads of families, valuable members of communities, from regular and profitable employments in the various great fields of labor. They return to us with all their domestic, social and, in many cases, business ties unbroken, ready and anxious to engage in their usual occupations, and only restrained by greater or less degree of physi-

cal disability. When they laid aside the uniform of the soldier, they resumed at once their separate individualities, their pride as citizens and their desire for self-sustaining employment. In providing relief for the brave and unfortunate, such sentiments, so worthy in the man and so valuable to the community, ought to be cultivated and encouraged. I doubt whether any means has yet been devised which so fully meets these requirements as our national pension system, which, graduating its relief according to the degree of the soldier's disability, still leaves him free and independent to perform, according to the measure of his remaining abilities, the domestic, social and civil duties of a good citizen. The propriety of extending this system, and relatively increasing the pension, in proportion to the increased prices of living, as compared with the time when the present rate was established, is, I understand, receiving the attention of the authorities at Washington, and I hardly doubt, in view of its justice, that such increased provision will be speedily made. In the meantime, and at all times, much can be done by citizens, by giving encouragement to responsible employment agencies, and on the part of the State in organizing a system for the special care of partially disabled soldiers at their homes, and the establishment of an asylum for those totally disabled.

To meet the present emergencies and needs of these most worthy cases, I have resorted to various measures: the granting of individual relief; assistance to associations having this object in view; in devoting, so far as consistent with its endowment, the New York Soldiers' Depot to this purpose, and the establishment of a temporary asylum at the Ira Harris hospital in this city, leaving to you such further and permanent provision as you shall deem proper.

The Soldiers' Depot in New York city, established by my predecessor, has been conducted on substantially the same plan as heretofore. There has been, however, considerable reduction of the working force, without detracting from its usefulness. The aid rendered at this institution has not been confined exclusively to soldiers belonging to this State, but those from every State have equally shared in its benefits. The military officers of the General Government, in New York city, have heartily co-operated with the State authorities to make the institution equal to any establishment of the kind in the country. They have furnished the necessary subsistence, medical supplies and transportation for

the sick and disabled through the city. Many benevolent citizens, the Sanitary and Christian Commissions, the Ladies' Soldiers' Relief Association, and the Union League Club, have alike rendered valuable aid. The employees have, by their commendable zeal and faithfulness, established a claim to the gratitude of all who have been the recipients of its benefactions, and their earnest co-operation has been in that liberal spirit which prompted the Legislature to establish and continue its support to the institution.

The whole number admitted into the institution during the year has been eighty thousand and five hundred, who have remained on the average two and a half days. The number received into and treated in hospital is two thousand eight hundred and seventy. Of those thirty-eight have died. The library, which was generously contributed by the Soldiers' and Sailors' Library Committee, contains twelve hundred volumes, besides large quantities of newspapers and periodicals which have been gratuitously furnished from other sources. There has been deposited for safe keeping and return to soldiers, the sum of two hundred and forty-two thousand seven hundred and twenty dollars and eighty-two cents, besides thousands of discharge and other valuable papers. The Quartermaster-General has furnished transportation to all applicants at government rates, and has collected to pay the same the sum of twenty-three thousand two hundred and fifty dollars. The amount of free transportation furnished to those entirely destitute has been about one thousand dollars. As New York is the principal rendezvous in the State for the discharge of detached soldiers, it is important that this Home be continued so long as the demands upon it are as great as at the present time. It is hoped, however, that its period of usefulness may have measurably ended, and that it may be discontinued by the expiration of the lease of the building, the first of May next. The details of its working, as reported to me by the superintendent, will soon be laid before you. From the amount appropriated, there has been expended on account of this Soldiers' Depot, and at the various agencies, under the general superintendent, since the first of January last, the sum of one hundred and thirty thousand dollars. The amount overdrawn, and chargeable to the year 1864, and which has been paid, is ten thousand dollars, and six thousand five hundred and twenty dollars has been paid on account of the Gettysburg Cemetery; leaving unexpended, of the two hundred thousand dollars appropriated, sixty-three thousand four

hundred and eighty dollars; which balance, it is thought, will be sufficient to attain the object contemplated by the law.

Military Departments.

By the late Adjutant-General's Report of December 31, 1864, the organized force of the National Guard numbered 45,910 officers and men, comprised in—

108 Regiments,
2 Battalions,
5 Batteries,

which included the militia organization existing at the time and prior to the organization of the National Guard. But 14,131 men were reported as uniformed and equipped. The organized force, authorized in time of peace, by the law of 1862 was fixed at 30,000. In view of the fact that a much larger force was already organized, and that the arms-bearing population of the State would warrant an organization of at least 50,000, the last Legislature removed the restriction, leaving the number without limit, and appropriated $500,000 to meet outlay in this behalf. It was believed the expenditure of this appropriation would secure the complete equipment of about 30,000 men, inclusive of the 14,000 already equipped. Of the $500,000 so appropriated, $236,000 only has been expended for this object, owing to the inability of the Comptroller, as stated to me, to furnish a larger sum for that purpose. In order to meet pressing demands for equipments beyond what could be purchased with the limited amount of the appropriation allowed to be expended, the Quartermaster-General was directed to issue United States clothing in his custody, which was receipted for on the part of the State. The following summary presents the number and condition of the National Guard since the last muster and inspection, viz:

112 Regiments.
3 Independent Battalions.
5 Batteries.

Aggregate force of officers and men, uniformed and equipped, 28,000. It will be seen that no great addition to the number of organizations has been made. In no case has a draft been authorized, either to create or complete an organization, nor has any special inducement been held out to encourage volunteering. On the contrary, owing to the want of equipments with which to provide the force to the extent already urgently demanded, additions

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to it have been, in some degree, discouraged. The increase during the past year was largely made up of veteran officers and soldiers of the late war, who, from their practical military experience, tend to improve the *morale* of the organizations with which they become connected.

I submit for your consideration the question of providing, by suitable appropriation, for a general encampment of the National Guard of the State during the coming season, for the purpose of inspection, instruction, comparison and improvement of the several organizations comprising it. It is an object of common concern to increase the spirit of emulation and pride, to foster and sustain, in all proper ways, this branch of the public interest, and do whatever we reasonably can to perfect and make adequate the military for all the emergencies which justified its creation and existence. Our northern frontier, forming a prominent part of the boundary between the United States and the British dependencies, the importance of having a sufficient force to protect and defend this extended border at all times will be readily recognized. Heretofore the policy of the General Government has been to rely upon the militia of the several States for all extraordinary exigencies. The neglect and abuses into which these State systems had everywhere fallen, not only compelled the adoption, in the emergency of the late rebellion, of a national system, but undoubtedly prolonged the war. It is a gratifying consideration that notwithstanding the difficulties with which they had thus to contend, the Federal authorities still find warrant in all our past experiences for depending upon the militia of the country, rather than upon large standing armies—ever so dangerous to free institutions. The States have now an opportunity, not only for justifying this confidence, but of encouraging a return to the original system, by properly performing the duty which must, in any event, devolve on them, of maintaining the discipline and efficiency of these State forces.

The last Legislature, in passing a general bounty law, which had for its main object the equalization of bounties paid by the different localities, and the assumption by the State of these bounties, has given to the Paymaster-General's Department an amount of labor commensurate with the responsibilities thereby imposed. Owing to the delay attending the passage of the several amendments to perfect the original act, making the law finally operative, the bounty could not be paid directly to the soldiers, and it was determined to allow the counties, cities and towns to continue the

same mode of payments, as prior to the law, until the close of recruiting. By this means the execution of the law was simplified, the several localities being paid for all credits under the act, except for a few drafted men in certain districts, which were paid in person. The amount thus reimbursed by the Paymaster-General, up to this date, is $25,689,243.96, and it is estimated that the claims outstanding and unsettled, amount to $500,000. These large sums of money have been paid with fidelity and promptness. No claimant has had just cause of complaint at delay or want of courteous attention, and the interests of the public treasury have been faithfully guarded.

The duties of the several staff officers have been responsible and important beyond ordinary periods of administration, and I take pleasure in commending their efficiency, ability and integrity in the discharge of the trusts confided to them. Their several reports will soon be laid before you. The report of the Bureau of Military Record will also be presented. The wisdom of the State in establishing an office where especial attention could be given to the record of all important facts bearing upon the conduct of the men who ventured their lives in a contest for the vindication of the Union, cannot be questioned. Information will be collected at this Bureau to which official and other reference can be made in the settlement of questions that attach to life and property. The materials already accumulated under the zealous and able management of the chief of this Bureau, are of the highest importance and value. In consonance with the spirit of the law passed by your immediate predecessors, the authorities of the city of Albany have with great liberality offered an appropriate site, and the people in various sections of the State have made generous contributions of money for the erection of a suitable building for the records and trophies of the war. The opportunity will thus be afforded for the sacred preservation, in the most guarded public manner, of the mementos of the gallant deeds and patriotic devotion of the 474,000 sons of New York, who so promptly responded to the call of the National Government.

Finances and Taxation.

General Fund.

The Comptroller's report exhibits a deficiency of $1,179,394.06 in the revenue of this fund on the 30th September, 1865, an

amount somewhat in excess of the deficiency last reported, as will more fully appear from the following statement:

Deficiency in the revenue, September 30, 1864	$863,814 67
Payments of the year	12,228,515 87
Total	$13,092,330 54
Receipts	11,912,936 48
Deficiency, September 30, 1865	$1,179,394 06

Other Funds.

Receipts of the year on account of all the funds except the Canal Fund, $16,273,665.76.

Balance due the treasury, Sept. 30, 1864	$85,003 77	
Payments of the year	16,098,092 21	
		$16,183,095 98
Balance in treasury September 30, 1865		90,569 78

General Fund State Debt.

Amount of the debt September 30, 1864	$6,278,954 37
Stock redeemed during the year	228,000 00
Amount of debt September 30, 1865	$6,050,954 37

The amount of the direct tax levied in 1865 was 4.53-80 mills, for the following purposes: For schools, ¾ of a mill; for general purposes, 2½ mills; and for canals, 1.53-80 of a mill. The State tax levied in 1864, and payable during the last fiscal year, amounted to $6,715,723.20, exclusive of ¾ of a mill school tax and county treasurers' fees.

The great expenditure of public moneys and individual capital, and an increased State and National debt in conducting the military operations of the war, have given new importance to the mode of assessments. The burdens of taxation should bear equally upon the two great classes of property, real and personal. Under our present system the valuation of personal property liable to taxation is very largely intrusted to the discretion of the assessor, with limited means of knowledge, and often determined upon information necessarily crude and inaccurate, or by personal favor or prejudice; while real property with values less shifting and unsettled, and comparatively easy of ascertainment is rated without much difficulty. The effect of this imperfect method of

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arriving at valuations, is to establish a virtual discrimination in favor of personal property to such an extent, that much of it escapes from a fair and equal proportion of the expense of local and State government. This is manifestly unjust, and the adoption of some plan to ascertain the true state of capital, in whatever form, I cannot doubt, will receive your early and thoughtful attention. I may be permitted, however, to suggest that the process of requiring tax-paying inhabitants, in some of the States, to make oath as to the nature, amount and worth of their estates, has proved successful, and it would seem to furnish the remedy for the defects of our system.

Banking and Currency.

The annual report of the Superintendent of the Banking Department shows that, on the 30th day of September, 1865, there were one hundred and nine banks conducting business under the laws of the State, with an aggregate capital of $20,436,970; that one hundred and ninety-three banks have retired from the old system, nearly all of which have been converted into national banks under the provisions of the enabling act passed at the last session of the Legislature. The total amount of outstanding circulation, including that of closed and closing banks at that date, was $27,009,449, of which sum there was issued to incorporated banks. and not secured by deposit in the Bank Department, $4,136,856, and to banking associations and individual bankers, $22,872,593, secured as follows:

Bonds and mortgages	$2,007,195 00
New York State stocks	13,868,034 10
United States stocks	9,311,350 00
Illinois State stocks	94,000 00
Cash	188,578 34
Total	$25,469,157 44

During the year the decrease in securities has been as follows:

Decrease of United State stocks	$8,528,600
do New York State stocks	2,225,706
do Illinois State stocks	233,400
do Bonds and mortgages	936,876
Total	$11,924,582

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Decrease in circulation, $13,109,186, and an increase in cash of $90,215.39.

The system of a national currency, though an innovation upon the carefully devised and successful banking scheme of this State, has attracted to itself most of the banks of the country at large, and seems te have acquired the favor and confidence of the people. We discover its benefits in a uniform issue based upon the national faith, and in comparative immunity from the unsecured and unreliable paper which formerly obtained in some parts of the country, the whole system guarded by enactments that combine the wisdom and experience of the nation, to make it the most complete, as well as the most reliable system of banking ever devised

Agriculture and Manufactures.

The steady progress of the State in agriculture and manufactures, affords continued encouragement to the people. The great withdrawal from the laboring forces in maintaining the military strength of the nation, seems to have found compensation at home in improvement of the implements of husbandry, and the friendly contributions of science to labor. The earth has yielded large returns to industry, supplying the wants of our armies and every deficiency of food in the Old World, and the resources of the land, in all the departments of human pursuit, have given generous response to every emergency. No less wonderful is the peaceful return of our gallant veterans to the tillage of the soil, the activity of the workshop, and the various duties of the citizen, without disturbance to the harmony of trade, or the quiet of society.

The last Legislature, in a proper spirit of liberality, accepted the munificent proposition of a prominent and philanthropic citizen of our State, and provided facilities, for giving early effect to the scheme for a University, with ample endowment and wide range, which promises to elevate agriculture and the mechanic arts in the scale of science and practice. The act provides that "the income revenue and avails which shall be received from the investment of the proceeds of the sale of the lands or the scrip therefor, or of any part thereof, granted to this State by the act of Congress, shall, from time to time, as the same shall be received be paid over to the Trustees of the University." In view of the delay in locating such land scrip and the nominal value attached thereto, I suggest the propriety of conferring upon the Trustees of the Cornell University authority to purchase, at a nominal rate,

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with the purpose of locating the same, at an early day, for the benefit of the Institution. Such an act, framed within the purview of the law of Congress, would, doubtless, by favorable selection of land, inure to the advantage of the University, and give increased value to the liberal endowment of its founder.

EDUCATION.

The Report of the Regents of the University will present, in detail, the condition of the Colleges and Academies of the State, showing a gratifying continuance of their prosperity and usefulness.

The school system of the State continues, under the administration of the able Superintendent of Public Instruction, to increase in efficiency and importance. The report of that officer will show that there has been a gain, in the aggregate number of pupils, and in the regularity of their attendance; that there has been increased solicitude on the part of parents and school officers, for teachers of higher qualifications. It also appears that the agencies for the preparation of teachers, have been in successful operation, evincing a more zealous spirit on the part of school commissioners, and an application, by teachers themselves, of the improved methods of acquiring higher culture.

The number of pupils in the Normal Department of the State Normal School is 222; in Teachers' Classes, in Academies during the past year, 1,586; in the Oswego Normal and Training School since its organization, 185, of whom 106 graduated. The number of teachers instructed in Teachers' Institutes during the past year is 8,741. It is suggested that these institutions are not adequate to the wants of schools which require more than twenty thousand teachers annually, and that their increase is demanded by considerations of economy and of duty to those whose love of knowledge and progress in virtue, are so largely dependant upon the zeal, ability and training of their instructors. I therefore suggest to you the propriety of establishing other Normal and Training schools, and of giving additional facilities and support to those already in operation.

Intelligent and philanthropic citizens evince a deep interest in the promotion of regular and general attendance at our schools. The law directing the apportionment of part of the school money on the basis of average daily attendance, seems to be operating favorably, by inducing a more general attendance; but the great

object of public concern is the education of all the children, and the question may well be raised, whether some additional incentive is not required to secure this result. For valuable views bearing upon this point, I refer you to the report of the Superintendent. He also recommends that free tuition in our common schools shall be furnished to the destitute children of those who have died in the military or naval service of the United States. It is presumed that such a special recognition of the patriotic services and sacrifices of the heroes who have died, could not fail to meet the approval of an intelligent and grateful people. More than ninety per cent of all the children and youth who receive scholastic instruction, go only to the common schools. In view of this fact, and of the intimate dependence of good government upon the education of the people these institutions are of paramount public importance, and provision for their liberal support and prosperity cannot be safely neglected.

Prisons and Crime.

The Inspectors of the State Prisons report that, on the 30th September last, the number of convicts in the several prisons was 1,873, of whom 159 were females, and 73 insane. The earnings and expenditures for the fiscal year ending September 30th, 1865, were as follows:

Earnings.

Sing Sing Prison for males	$94,666 33
Sing Sing Prison for females	5,236 08
Auburn Prison	77,755 55
Clinton Prison	27,561 56
Total	$205,219.52

The convicts at the latter prison have for a number of months been employed in the manufacture of iron and nails for the State, pursuant to the provisions of an act passed at the last session of the Legislature, and the value of the products of their labor remaining unsold on the 30th September, is estimated at $78,477.25, which added to the cash receipts already stated, gives an aggregate of $283,696.77. The expenses of the same period have been as follows:

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At Sing Sing male prison	$181,132 03
At Sing Sing female prison	29,949 36
At Auburn	135,426 54
At Clinton	110,833 15
Convict Insane Asylum	16,699 18
Total	$474,040 26

The large excess of expenditure over the earnings of the year compares unfavorably with the results of previous years, and is caused, in part, by the fact that during the first nine months of this period there was a large decrease in the number of inmates, while the volume of expenses could not be ratably diminished. The report of the Inspectors shows gradual improvement in the discipline and internal management of the persons under their charge, and for their efforts in this behalf I cannot speak too warmly. Perhaps, however, to accomplish the highest success, our prison system should be wholly absolved from party influence, and the changes incident to the varying fortunes of political organizations. To attain this independence, and to engraft on our Penal Code valuable improvements, appears to be the purpose of the Prison Association of this State. This association is charged by law with the function of "visiting, inspecting and examining" all the prisons of the State, and of reporting annually to the Legislature the results of this inquiry. These duties seem to have been discharged with intelligence and fidelity, and their recommendations, based upon extended observation and research, are worthy of the attention of the Legislature. The measures of this board to furnish more thorough information, and to acquire familiarity with the working of prisons throughout the Union, will doubtless aid in the diffusion of practical knowledge and lead to salutary legislation.

In view of the increase of lawlessness and disorder, and the prevalence of crime, the attention of your bodies may be properly directed to the law conferring the power of arrests, and prosecuting indictments. Under existing statutes, sheriffs are allowed limited discretion in incurring expenses in the pursuit of offenders, and in no case have they the legal right to offer the incentives of a reward, which always serve to stimulate and multiply efforts for the apprehension of criminals. I respectfully suggest that the allowance of fees to District Attorneys for successful prosecution of indictments and the suing of forfeited recognizances would

tend to strengthen the arm of justice and bring offenders to more speedy trial and punishment.

Asylums and other Public Institutions.

The reports of the superintendents of the asylums for the Insane, Deaf and Dumb, the Blind, the Idiotic and the Inebriate, show that they are discharging the charitable trusts for which they were organized, in a manner alike honorable to the State and creditable to their managers. Their claims for generous support will doubtless be recognized by the same spirit of liberal and wise legislation that has heretofore enlarged their sphere of usefulness. I understand that the Commissioners, in obedience to the authority conferred by your predecessors, have located the Willard Asylum for the Insane, and the Institution for the Blind, and are perfecting arrangements for the economical management of these charities.

The report of the Superintendent of the Onondaga Salt Springs presents some new and interesting facts connected with this branch of public wealth.

The several annual statements of the Commissioners of the Fire Department and the Commissioners of Emigration of New York City, will soon be laid before you, and will exhibit many facts of general interest, as well as the reliable and prosperous condition of their respective departments. The report of the Commissioners of the Metropolitan Police is deserving of the most careful attention. It contains much information bearing upon the important questions of public health and the suppression of lawlessness and crime. Their suggestions with reference to defects in some existing laws are valuable, as the result of large experience and observation.

Quarantine and Public Health.

The reports of the Commissioners of Quarantine and of the Health Officer, will present the operations of our quarantine system during the past year, and indicate the legislation necessary to complete the Quarantine Establishment contemplated by the act of 1863. The epidemic of Eastern Asia, which now appears to have its stated seasons for visiting and ravaging other countries of the world, has set forth once more on its destructive journey. Following the highways of commerce, it has already swept through Arabia, Syria, the basin of the Mediterranean, and along the shores of western Europe. The observation and experience of

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former years warrant the apprehension that this continent will be next in the pathway of this dreaded pestilence, and warns us that there should be no delay in making proper provision for its prevention and treatment.

On the second of November last a vessel arrived from Europe having on board a large number of passengers, several of whom were sick with the Asiatic cholera. The Commissioners found themselves wholly unprovided with any place for their reception, except upon the floating hospital which had been used during the summer for yellow fever patients. But this ship, poorly adapted to the purpose, only partially met the necessity. They were still unprovided with any place for the detention of those, who from exposure to the disease, could not safely enter the city of New York, until they had undergone the usual precautionary measures. Added to this, the Commissioners were without funds to procure the necessary supplies and accommodations, the last appropriation having been exhausted in making the improvements and disbursements authorized by the Legislature. Apprised of these facts by the Health Officer, I wrote to the Commissioners, recommending that they should assume the responsibility of incurring such liabilities as might be necessary to meet the emergency, relying upon the Legislature to ratify their action. It affords me pleasure to say, that my suggestion was promptly adopted both on the part of the Commissioners and of the Health Officer, and that they did everything in their power to provide what the occasion seemed to demand; but I regret to add that they were unable to procure any accommodations on land, either for the care of the sick or the temporary detention of those exposed to the disease. Such a condition of our Quarantine is hardly creditable to the State, and in view of the fact that medical men confidently predict that cholera is likely to prevail extensively in our country during the present year, I trust that adequate relief may be afforded. If no suitable location of that portion of the Quarantine Establishment, distinct from the floating hospital, can be procured on land, attention should at once be given to the erection of proper structures on the water. I commend to your careful consideration the views of the Commissioners and Health Officer, in regard to the legislation necessary for that purpose, and I deem it hardly essential to add that a sufficient appropriation should promptly be made to meet the liabilities incurred by the Commissioners in the emergency to which I have alluded.

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Intimately connected with the management of Quarantine, though distinct in its character, is the administration of the laws relating to public health in the cities of New York and Brooklyn, and the villages bordering on the Bay. It is very generally conceded that the existing laws upon that subject, especially those affecting the city of New York, are radically defective, and require essential modification. The sanitary control of the city is now mainly vested in two separate boards, the one being the Board of Health, composed of the Mayor and Common Council, and the other a board composed of the Mayor and Commissioners of Health. The powers of the former are almost unlimited, and it has a duration, when once convened, limited only by the official term of its members. The powers of the latter are restricted and insufficient to remedy the evils which exist. The policy of continuing two boards, with separate and unequal authority, is at least questionable. It will be for you to determine what reformatory legislation is required. The success of the Metropolitan Police Law, and the law creating the paid Fire Department in New York city, as far as it could be tested with the limited opportunities and experience since the organization of the board under it, furnish a strong argument in favor of some similar provision for protecting the public health of the same populous territory. The subject will, I doubt not, receive from you such attention as its importance demands.

Other subjects for the advantage of this great city of our State and country, will doubtless occur to you, which will be within the scope of your legitimate action. All that relates to travel and trade, to reforms in the administration of municipal government and the prosperity of its management, to the extent of your proper legislative supervision and authority, will be expected and desired by the people of the city, and receive the support and approval of the whole State.

Claims against the General Government.

Some progress has been made, during the past year, in the settlement of the accounts against the United States for military expenditures in 1861 and 1862, from the appropriation made by chapter 277, Laws of 1861. During the past summer the additional amount of $262,763.17 has been allowed and paid to the State. A large number of the claims, amounting to about $1,500,000, have been suspended on account of technical irregularities in

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the forms of vouchers, which are expected to conform to the rigid regulations adopted by the War and Treasury Departments. The entire amount was expended from the Treasury for the organization and equipment of troops for the general service, and its disbursement was faithfully supervised by the highest officers of the State. I am informed that the vouchers were rendered in accordance with the regulations of our finance officer, and there appears no equitable reason why the whole sum should not be allowed. The suspended accounts are now undergoing a re-examination by the Quartermaster-General, for the purpose of removing the objections made by the Departments at Washington.

The claim for reimbursement made in conformity with chapters 397 and 421, Laws of 1865, amounting to about $300,000, has not been presented. It is probable that some action by Congress may be required to authorize the adjustment of these transactions. I therefore respectfully submit to you the propriety of conferring upon the Governor discretionary power to appoint Commissioners, on the part of the State, to examine and pass upon the same, with a view to final adjustment with the United States authorities. It is proper to add that the Comptroller has withheld the direct tax claim of the General Government, as an offset to these military accounts, and when a full settlement on both sides shall take place, the balance either way will not be very great.

Canals and Internal Improvements.

The following is a statement of the Canal Fund for the fiscal year ending September 30, 1865:

Receipts and Payments.

Balance in the treasury and invested, October 1, 1864	$7,167,561 48
Received during the year	4,782,965 26
	$11,950,526 74
Payments	8,027,546 60
Leaving a balance in September	$3,922,980 14

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Revenues for the Fiscal Year.

From tolls	$3,516,948 63
Rent of surplus waters	4,683 00
Interest on current canal revenues	24,145 76
Miscellaneous receipts	31,688 06
	$3,577,465 45

Expenses.

To Canal Commissioners for repairs	$186,412 14	
To contractors for repairs	950,033 01	
To superintendents for repairs	645,638 84	
To collectors for salaries, clerk hire, pay of inspectors and expenses of collector's office	67,416 85	
For salaries chargeable to annual revenues, refunding tolls, printing and other miscellaneous payments	77,872 75	
		1,927,373 59
Surplus revenues		$1,650,091 86

which have been transferred to the Sinking Fund, under article 7, section 1, of the Constitution.

Statement of the Canal Debt, paying interest on the 30th September, 1865.

	Principal.	Amount net of.
Under article 7, section 1, of the Constitution	$5,163,000 00	$258,150 00
Under article 7, section 3, of the Constitution	11,667,000 00	693,350 00
Under article 7, section 10, of the Constitution	392,585 49	21,629 28
Under article 7, section 12, of the Constitution	2,202,000 00	132,120 00
	$19,424,585 49	$1,105,249 28

The gross receipts for the fiscal year of 1865, compared with the revenue of 1864, show a decrease of $768,800.07, and the amount paid in 1865 for the repairs and maintenance of the canals appears to exceed that of 1864, $932,182.80. These differences, making an aggregate of $1,700,982.87, exceed the net surplus revenues of the year by $49,891.01. The Auditor does not anticipate any material improvement in the canal receipts of the present fiscal year, as compared with those of the last, but expects some reductions in the expenditures. The deficiency in the revenue of

this year must be supplied by an addition to the taxes of $1,060,000. The balance of the canal debt on the 30th September, 1864, was $22,327,810.25. There has been paid during the year $2,903,224.76, leaving outstanding on the 30th September last $19,424,585.49. The balance of the sinking funds applicable to the payment of the principal and interest of the debt was, on the 1st of October last, $3,228,503.36. Making provision for the interest of the current year, and applying the remainder of these funds towards canceling the principal, would reduce the debt to $17,279,702.13. In addition to these payments of principal on the canal debt during the year, there has been paid from the Sinking Fund, created by section one, article seven of the Constitution, $600,000, on account of the payment to the General Fund Debt Sinking Fund, secured by section two of the same article, which had been deferred by failure in the canal revenues to make full payment to both funds. The balance of these payments can now be made to the treasury with the quarterly interest, as required by section two. If the canal revenues shall be sufficient to enable the Department to sustain an annual contribution of $1,700,000 to the credit of the fund, the entire canal debt of 1846 will be provided for and paid by the 1st of October, 1868, and no further payments on account of that debt will be required from the canal revenues. The remainder of the canal debt chargeable upon the canal tolls, after paying the principal of the General Fund Debt of 1846, will not exceed $11,500,000.

It is claimed that the improvements contemplated on the Champlain canal by the act of 1862, were not fully realized, and that the appropriation was insufficient for that purpose. This important public work has reimbursed the State for all outlay in construction and repair, and I commend the appeal for aid to your generous consideration. The needs of all these public works, including the Chenango, Cayuga, Seneca, Black River, Genesee Valley, Chemung, Crooked Lake, the Oneida Lake, and Oneida River improvement, as well as the Oswego and Erie, are set forth with the ability and experience which the Canal Auditor always brings to the discussion of this important subject. In this connection I may mention the Hudson River improvement, near Albany. I have reason to believe that the Commissioners in charge of the work have discharged their duty with efficiency and economy. Their report, which is transmitted herewith, indicates

the necessity for a further appropriation, and I commend the subject to your favorable consideration.

At the Detroit Convention held in July last, composed of a large body of prominent and intelligent gentlemen from various commercial points in the northern sections of the United States and the adjacent British provinces, a resolution was adopted which I communicate herewith:

"*Whereas*, by a recent survey and estimate by the proper authorities of the State of New York, it is shown to be entirely feasible and practicable, and comparatively cheap, within two years, to enlarge the locks upon the canals, with very slight improvement in a small portion of the channel, so as to admit the passage of boats carrying from 500 to 600 tons instead of 220 tons now, thereby increasing their capacity to at least 10,000,000 tons annually eastward, and diminishing the cost of transportation fully one-half, thus furnishing a cheap and ample outlet to an eastern market, whenever and wherever it can be found, for at least 200,000,000 bushels of grain more than was forwarded through those canals in the prolific year of 1862; therefore,

"*Resolved*, That the Governor of the State of New York be, and he is hereby respectfully requested to recommend in his next annual message to the Legislature, that authority be granted to proceed without delay with the said improvement, and a suitable appropriation made therefor, so as to complete the work at the earliest day practicable, thereby opening a channel between the lakes and tide-water, alike ample and cheap, sufficient to meet the wants of the great grain-growing States of the Northwest for a long time to come; and, as the trade increases, enabling the State of New York to reduce the rates of tolls on her canals in a corresponding proportion."

This acknowledgment of the important position held by the State of New York, in relation to the commercial interests of the country, is valuable, and our duties to other sections, and the advantages to ourselves consequent upon this situation, deserve the careful consideration of the whole people. It is with reference more to securing for this subject their mature deliberation, than of recommending any present action on your part, that I have embodied in this message the above resolution. Section twelve, article seven of the Constitution of the State, prohibits contracting debt for the purpose of internal improvements, except upon the passage of a law which shall be submitted to the people at the

next general election, and approved by them. It will postpone this question but a short time, however, if allowed to await the action of the Convention which it is now presumed will be called early in 1867, by authority of section two, article thirteen of the Constitution, to revise the organic law of the State. Nor do I suppose that any great interest of this or other State will be seriously prejudiced by such delay.

The closing of the southern markets, and of navigation on the lower Mississippi, and the interruption of transportation over the Baltimore and Ohio railroad by the rebellion, cast upon the remaining lines the immense productions of 1862, creating complaints of insufficient facilities that year. But peace has now reopened all these avenues of trade and transportation, and it is hardly probable that our canals will be again overtasked for some years to come. No one, however, can regard the future of our country with the hopefulness which its past progress and prosperity justify, without feeling the assurance that the time is not distant when our attention will be again compelled to the subject of internal improvements in this State. It may be considered settled, that no practical general outlet to western produce exists through Canada, and transportation lines passing through States south of New York, are not likely to take any larger proportion of this freight hereafter than they have heretofore carried. The natural line of communication connecting the West and East, lies over the belt of land between the great lakes and the Hudson river, and adequate provision must be made for the movement over this inviting route, within a period of twenty years to come, at most, of twice the volume of freight carried in any past year.

To the solution of the problem involved, both State and individual enterprise should address itself. It is not probable, regarding the past history of commerce and trade, that even an enlargement of the canals will very long meet all the requirements of freight transportation. The tendency of different classes of freight to leave the canals and seek access to market on railroads, will, no doubt, continue, and it may be presumed that the demand upon them for increased facilities will grow even more rapidly than upon the former. Indeed, it is not improbable that these circumstances may induce a reorganization of the railroad system of this State at least, and that the interests of passenger and freight business will be substantially separated. There is no question in my mind, but that a railroad constructed for the exclusive purpose

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of freight transit, with moderate and uniform rate of speed, would afford accommodation both for amount and cheapness, of which the present system can scarcely give an adequate conception. No less would such a separation of business add to the speed, certainty and safety of passenger carriage.

We are not called upon to refer to the principles of mere comity to determine how much we should do to meet the commercial demands which our geographical position imposes. No section can ask of us reasonable facilities, which it is not even more our interest to grant. On high and liberal principles, New York has demonstrated the wise foundation of her public works—not only as a just accommodation to vast interests beyond her own borders, but in the development of home resources, the growth of trade, the prosperity of her cities, and the enterprise of her citizens. Our attitude in the economy of States is clearly defined by conditions which we cannot ignore, and we do not desire to evade. It is not too much to say, that our destiny is that of a commercial people. I refer to their leading interest. In the east the finest harbor on the Atlantic seaboard invites to her chief city the trade and productions of the Eastern Continent. The termination of the grandest system of internal water communication in the world, constrains by irrevocable natural decree the immense and constantly increasing productions of the West, to her inland ports. New York is to-day, first in wealth, population, and importance among the States, because enlightened statesmanship developing and assisting these natural advantages, has given additional activity to all the people, and built up within her borders one of the greatest exchange marts of the world. Our State holds this position, not mainly from her own manufacturing, mining or agricultural interests, great as these are, but because these facilities for trade, so wisely improved, enable her enterprising citizens to reap the just profits of commerce from the productions of all these interests, over an area many times greater than her own. The magnitude of this interest, thus connected so intimately with our future prosperity, requires every accommodation for its expansion.

Special Legislation.

Sec. 1, Article 8, of the Constitution provides that corporations may be formed under general laws, "but shall not be created by special act, except for municipal purposes, and in case when the object, &c., cannot be attained under general laws." There has

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been a wide departure from this requirement, and in consequence our statute books are swelled with unnecessary and irreconcilable enactments. I could point to many useless if not disturbing cases of legislation that might have been avoided by adhering to the wise regulation of the framers of the Constitution. It is a favorite maxim with the advocates of popular institutions, that the "government is best which governs least." Though not strictly true, it may at least be safely asserted that for the limited period of the session, the whole attention and labor of the Legislature may be profitably employed upon matters of undoubted public interest under clear sanctions of authority.

In this connection you will not deem it obtrusive for me to refer in terms of disapproval to the practice of legislating for the relief of contractors upon the public works, which has obtained so largely and has become so vast in its demands upon the public treasury. Since the Constitution of 1846, it has been the policy of the State that the most important work upon the canals should be performed under contracts awarded to the lowest responsible bidder, and at different times, as exigencies have arisen, general laws have been passed to give effect to the same, and limiting the power of the various officers of the State in accordance therewith. This policy, which was deemed necessary and expedient, has been known to all contractors who have had any connection with the public works, and their contracts have been made with respect to it and the general provisions of law.

It is undeniable as a common principle, that all such obligations are to be observed and performed by the parties making the same, and are not, for any slight reason, to be ignored and their liabilities disregarded because the State is one of the contracting parties. The practice which has grown up of appealing to the Legislature for relief in such cases is liable to great abuse, and the liberality with which these claims have been recognized gives admonition to those whose duty it is to protect the public treasury to be careful not to yield their assent to measures of a questionable character. In my judgment, the only safe general rule is to treat contracts made with the State in the same manner as those made between individuals, and to depart from this rule only in exceptional cases, when an appeal to the equity and justice of the government requires special consideration and favor. The whole system for the performance of public work is founded upon the idea of guarding the treasury from unjust and exorbitant claims by subjecting all

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such contracts to open competition. It is not to be disguised, that in practice this principle has been invaded, if not entirely ignored, as is apparent by a reference to the annual records of legislation. If stipulations duly made are not to furnish the rule by which compensation is regulated, the theory upon which the system was founded should be abandoned altogether.

Following the precedents of my predecessors since 1854, upon this subject, I approved several bills of this class last session. I believe they had merit, and without assuming that equal justice has been disregarded in these or other cases, I should frankly admit that my attention thus called to the custom led to further investigation and the foregoing suggestions.

Conclusion.

We believe that the path of peace opens pleasantly before us, and is inviting us to a long career of State and National prosperity. We may encounter difficulties as we advance, and it is the part of wisdom to be prepared to meet them. We have every reason to hope that the only causes which seriously threatened our domestic harmony and repose, have been removed.

The fundamental principle on which our Government was framed, that the will of the majority, constitutionally expressed, is the supreme law of the land, has been vindicated by armed force; and the federal compact made by our forefathers is to be henceforth and forever inviolate. The only element of weakness and danger, which claimed an abiding place in our Constitution, has been removed in the mode prescribed therein, by the consent of the Nation. We are no longer subject to the reproach, that under our institutions the title of a master to his slave is higher than that of a man to his liberty.

The stability of the Union is no longer imperiled by the antagonism of incongruous elements. The system of free labor, hitherto mainly sectional, has now become universal. The same auspicious results which followed emancipation, in every portion of the country where slavery had ceased before the rebellion, will regenerate the States now wasted by war, and open up a new era of growth and prosperity. The effect of homogeneous institutions and a general community of interests, it is believed, will be to secure a just equipoise between the States, and a fair and equal representation in all the departments of the Federal Government.

The success of a great cause, involving vital national interests,

is seldom wrought out except through suffering and sacrifice. The people of the loyal States, who were engaged in the defence of the Government, had no alternative but to submit to the inevitable calamities and burdens of war. These ultimately fell, with still more crushing weight, on the States in which the rebellion had its origin. The issue was decisive and final, and we are now once more at peace with each other and with all the world. If the power which has been exhibited in this memorable struggle, shall fail to secure us hereafter against foreign aggression and wrong, we shall present to the public enemy a firm and unbroken front; but we trust that no occasion may arise in the future for visiting upon other nations the desolation and waste which we have mutually suffered and inflicted in these four years of civil strife.

In the work of restoring the revolted States to their appropriate Federal relations, great questions still remain for solution. While we cannot ignore the obligations, which honor and good faith impose on the Government toward all who have been faithful in its behalf, we entertain the confident hope that enlightened statemanship will solve these difficult problems, in a spirit at once humane, magnanimous and just, and on principles which will commend themselves to the approval of all the friends of the Government, and secure the public safety. We must not be unmindful of the practical difficulties which confront us in the settlement of questions like these, nor impatient of unavoidable delay, incident to the working out of conviction and the attainment of results, when dealing with organic reforms in the structure of political institutions.

Toward our misguided countrymen we entertain no feeling of bitterness or unkindness; and animated by a quality of generous forbearance, we will cordially co-operate in our respective spheres of influence, in supporting the general interests of all those entitled to invoke our protection. With a firm adherence to the just rights of all, in a spirit of kindness, all traces of alienation will gradually and forever disappear.

In the sunlight of returning peace we see opening before us a future of prosperity and greatness for our common country, such as has hitherto been offered to none of the nations of the earth. The war which threatened the overthrow or division of the Republic has developed its resources, consolidated its strength, and infused into the whole body of the people a spirit of renewed

energy, vigor and confidence. To us and to our children it is an occasion of heartfelt joy and gratitude that the protecting hand which upholds the heavens has been our constant support. The grand and noble edifice reared by those who signed the Declaration of our National Independence has withstood the rocking of a tempest which would have overthrown the oldest monarchy; and it stands to-day, as we trust it will ever stand, firm and unmoved, with civil liberty as its chief corner-stone.

REUBEN E. FENTON.

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State of New York.

No. 2.

IN ASSEMBLY,

January 2, 1867.

ANNUAL MESSAGE OF THE GOVERNOR.

STATE OF NEW YORK:

EXECUTIVE DEPARTMENT,
ALBANY, *January* 2, 1867.

To the Legislature:

I welcome the members of the two branches of the Legislature to the public councils. Questions of grave import, both State and National, await your deliberation. The auspicious circumstances which attend your meeting will cheer you in commencing the work before you; they will impart strength and unity to your counsels, and will confirm, by the authority of the public judgment, such action as you may take towards the settlement of our National difficulties, on the sure foundation of justice. The people look with undoubting confidence to you, as their representatives, to give expression to their ascertained will; and they rely on your wisdom and fidelity for such salutary and wholesome laws as shall advance our general welfare.

The year that has just closed has been charged with great events, and has been rich in its blessings of peace, and in its rewards to industry. We have occasion for mutual congratulation on the progress of almost every interest of the people, and the promise of yet greater achievements in the future, to be wrought out through a firm adherence to our traditional policy, and to those fundamental truths upon which our system of government depends. We emerged from the stormy night of war, to enter upon a hardly less trying period of political conflict; and in passing through each of these ordeals, there has been developed, on the part of the people, a steadfastness of purpose, a depth of patriotism, and an enlightened appreciation of the principles of civil liberty, which not only attest the beneficent influence and strength of our form of

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government, but also give assurance of its rising greatness and perpetuity.

Through the very process of our national trials, in both field and forum, the American Union has been subjected to a test more severe than any to which it can hereafter be exposed; and experience has demonstrated that its cohesion and strength depend, not on the pleasure or caprice of individual States or of geographical sections, but on the collective will of the people. That will has been declared in the forms prescribed by the Constitution. It has been maintained in war. It has been reasserted by the representatives of the People and of the States. It has prescribed its own guarantees for the future, and confirmed those guarantees by the reaffirmance at the polls of the popular will. There is no loyal man, who has not a clear and abiding confidence in the perpetuity of a government thus sustained, in peace as in war, by the sovereign power of the People. There is no foreign nation which does not recognize these as the achieved results of the conflict, and unite in respect for a people so true to the traditions of their early history, and to the liberties committed to them by the fathers; and who, having proved faithful and heroic amid carnage and battle, which filled the land with anguish; in victory seek only, yet firmly, the security of the Republic, and the supremacy of well-ordered and equal freedom.

It will be your high privilege, in the name of the people of this State, to ratify the proposed constitutional amendment, which I have the honor to transmit upon this opening day of your session. I cannot too earnestly recommend your prompt action, in order that the judgment of New York on a proposition so moderate and so just, may be submitted at the earliest day to the unreconstructed States, and that, on our part, there may be no delay in anchoring these fraternal guarantees in the Federal Constitution. I need not discuss the features of this amendment; they have undergone the ordeal of public consideration since the adjournment of Congress in July last, and they are understood, appreciated and approved. Never before in the history of the Government, upon any great question affecting our national interests, has there been such unanimity in the expression of the popular will. The proposed amendment seems to contain just the conditions of safety and justice indispensable to a permanent settlement. It spans the chasm which the rebellion opened between the loyal and the insurgent States; and if it shall be accepted in good faith, as frankly

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as it is tendered, the way is already opened for reconciliation and lasting peace.

There is no other plan before the people, and the verdict of the ballot-box implies that no other plan is desired. The claim that the revolting States could by their own act, and without the consent of Congress, restore their former relations to the Government against which they rebelled, and that an Executive officer of the Government could exercise the prerogative of Congress, and legalize illegal governments organized by armed and unpardoned rebels—have both been rejected and condemned.

On full and deliberate consideration, the people have pronounced in favor of the authority of Congress over the whole subject of reconstruction, and have declared their purpose, that the rebel States shall not be restored to their former participation in the Government until suitable constitutional guarantees are provided for security against present disloyalty and future rebellion.

I am not insensible of the obstacles to a cheerful acceptance of the amendment, by those who retain much of the bitterness which they cherished towards us through four years of wasting war; and who are still imbued with prejudice against equality of right for those whom they recently held in bondage, and who fought to uphold the government, while they fought to destroy it. It takes time to work out changes and organic reforms in the structure of political institutions. Progress in human affairs is of slow growth, except in periods of violent convulsions in society which form epochs in history. I need not say that the work of reconstructions is retarded by the illusory hope held out to the insurgent States, of restoration on terms less favorable than this amendment, to the future security and repose of the government; but this error cannot last. Moderate, yet firm in our purpose, consistent and uniform in what we propose, we tender an amendment to which we trust these States will accede, in the same spirit of frankness and good faith in which we offer it for their acceptance. If, to our disappointment and regret, they shall manifest a spirit of continued hostility, and by rejecting a proposition so liberal and just, evince a settled purpose to continue to oppress those whom we are bound in honor to protect, and at the same time to represent them in the councils of the Federal Government, it will then be the duty of Congress, by more stringent measures, to give effect to the popular will. There can be no reaction; the nation has no purpose of turning back. The powers of Congress are ample under

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the Constitution; and those powers will be exercised, so far as the public safety may demand, with the firmness worthy of a great people.

CONSTITUTIONAL CONVENTION.

Under a wise provision of the existing Constitution, the question whether there shall be a convention for revision and amendment, was submitted to the people for decision at the recent general election. The large majority by which such a convention was ordered is an emphatic expression of the public judgment, that some modification of the organic law is essential to the general welfare. The constitutional duty devolves upon the Legislature at its present session, of providing for the election of delegates, and giving effect to the popular will. It is due to those we represent, that a prompt response be made to their call for a Convention of revision, and that there should be no delay which can properly be avoided, in a matter of such general and vital interest.

It was commonly assumed by the framers of the earlier Constitutions in this and other States that their work would serve the purpose of all after time, without occasion for general revision, or even for material change. The practical result, however, was at variance with the theory. Unforeseen defects were developed by time; and provisions, framed with reference to the existing condition of affairs, became inappropriate under a change of circumstances. Revision followed revision, each being an improvement upon the past; but each proving in its turn inadaquate to meet the demands of the future.

The present Constitution of this State is, in many respects, in advance of those which preceded it; but it may well be questioned whether its framers, in correcting pre-existing defects, were not led into errors in an opposite direction unfavorable to efficiency in the public service.

The experience of twenty years has produced a general conviction that some of the provisions of that instrument could be modified with great advantage to the State. The intermediate period has been marked by memorable events, which have furnished new problems for solution by the framers of constitutional law. Heavy obligations have been incurred by the people, in the course of the recent war, for the maintenance of the General Government. Great changes have been wrought in the financial system of the country, materially affecting our sources of internal revenue and our system of State taxation. The depreciation of the currency,

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and the enhancement of prices, have resulted through the unforeseen operation of constitutional provisions, in practically reversing the established policy of the State, which was to secure faithful and able service, by providing adequate compensation for the performance of public duties. Grave questions are likely to arise in connection with our commercial and material interest, which were not anticipated or provided for by the framers of the organic law.

It is generally conceded that there are serious imperfections in the judiciary system as it exists under the present Constitution. It was new in many of its prominent features, and it is not singular that the difficulties which have since been developed by experience, were not foreseen by its authors. An ample judicial force was provided to dispose of the amount of business which then devolved upon the courts of original jurisdiction. Appeals were facilitated by the institution of independent appellate tribunals, holding concurrent sessions in the various judicial districts of the State. A court of appeals was organized to review the decisions of these, and of other appellate courts established for the convenience of the larger cities. It was to be a body consisting of eight judges, of whom four only were to be continuing members of the court, the other four being judges of the Supreme Court, who were to serve only for a single year. Six members of the court constituted a quorum, and the concurrence of five was deemed essential to a judgment, either of affirmance or reversal.

It soon became apparent that, with a court thus organized, and with an unrestricted right of appeal to the higher tribunal at the discretion of the parties in almost every civil and criminal proceeding instituted in the various courts of record, it would be impossible that decision should keep pace with litigation. The determination of each cause involved a comparison of views by all the judges. The number was too great for consultation in open court. The sessions were occupied in hearing successive arguments, and the intervals between them in examining, and preparing written opinions in cases, the decision of which was unavoidably postponed for future conference. These, and other defects incident to the system, were felt at an early period, in the accumulation of undecided cases. The amount of legitimate bnsiness was rapidly increasing, from causes connected with our commercial growth and prosperity, and the courts were powerless to prevent the blocking of the calendars which resulted from the operation of laws they were bound to obey.

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The court of last resort was rendered even more unstable than the framers of the Constitution designed, by the resignation of some of the permanent judges, who appreciated the difficulties of a system involving the discharge, without adequate compensation, of arduous and responsible duties, and with no hope of clearing the calendars. As early as 1857, the eight judges, none of whom were original members of the court, and none of whom are now upon the bench, united in a clear and able presentation to the Legislature of the faults in the organization of the courts, and recommended the adoption of amendments deemed important to its efficiency. The subject has since been considered at several sessions of the Legislature; but all measures of relief have failed, from the conviction that the only effectual remedy would be found in a convention for the revision of the Constitution.

Our present population largely exceeds that of all the original States at the time the federal constitution was framed; and from the extent of our commercial relations, and the magnitude of our diversified interests, the amount of the business devolving on our courts is much greater than that of the Supreme Court of the United States and all the subordinate federal tribunals. It is of great moment to the people, that our judicial system should be adequate to its work, and that effectual means should be taken to secure the prompt and thorough administration of justice. Every citizen is concerned in this department of the government, on which largely depends the security of our persons, our property, and our rights. It is essential to the general welfare that there should be an open avenue to the courts, and an enlightened and upright bench to administer impartial justice, and to maintain the authority and stability of the laws. In another place I have referred to one or two subjects of scarcely inferior importance, and others will doubtless be considered in the convention, which will call for careful deliberation, sound judgment, and wise statesmanship.

I am inclined to think favorably of the suggestion which has been made in various quarters, that it may be advisable to secure a more numerous convention than the last by providing for the election of the usual number of delegates from the Assembly districts or counties, and thirty-two additional delegates from the State at large, each elector voting for only sixteen of that number. The practical effect of such a provision would be to give to each of the political parties the selection of half of the additional dele-

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gates at large; and it is believed that such nominations would be made by each in a spirit of common regard for the welfare and honor of the State, as to contribute to the strength of a deliberative body, charged with duties of such interest and magnitude. No objections to the proposition have occurred to me which do not seem to be outweighed by its advantages; and I therefore submit the suggestion to the judgment of the Legislature.

FINANCES.

During the past year considerable progress has been made in the work of retiring the circulation of the few remaining banks doing business under the laws of the State. The labors of the department upon which this duty devolves have been performed with fidelity.

The able report of the Comptroller, to which your attention is invited, contains the following exhibit:

General Fund.

Deficiency in the revenue, September 30, 1865	$1,179,394 06
Payment of the years	8,934,659 38
	$10,114,03 544
Receipts	7,490,415 76
Deficiency of the revenue, September 30, 1866	$2,623,637 68

NOTE.—There was due at the close of the fiscal year from the city of New York, $2,433,903.09, applicable to the reduction of the above deficiency of $2,623,637.68.

Other Funds.

Payments of the year on account of all the funds except the Canal Fund		$13,651,102 36
Balance in the treasury Sept. 30, 1865	$90,569 78	
Receipts of the year	12,485,574 82	
		12,576,144 60
Amount overdrawn Sept. 30, 1866		$1,074,957 76

General Fund State Debt.

Amount of debt, September 30, 1865	$6,050,954 37
Stock redeemed during the year	408,332 15
Amount of debt, September 30, 1866	$5,642,622 22

The State tax levied in 1866 was $5\frac{5}{16}$ mills, for the following purposes: For schools, $\frac{3}{4}$ of a mill; for general purposes, $1\frac{1}{4}$

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mills; for canals, $\frac{15}{16}$ of a mill, and for the bounty debt, $2\frac{1}{8}$ mills. The direct tax, levied in 1865, and payable during the last fiscal year, amounted to $6,033,817.34, exclusive of the $\frac{3}{4}$ mill tax for school purposes, and county treasurers' fees.

In my last annual message, brief allusion was made to the importance of adopting a mode of assessments that should impose upon personal property its due share of the public burdens. Efforts were subsequently made in the Senate to relieve the existing system of its prominent defects. The bill introduced for this purpose elicited intelligent and instructive discussion, and the necessity of amending the present law seemed to be generally conceded. In the course of the debate, differences arose in regard to the proper method of attaining the end in view, and the measure was lost. The vast volume of currency, the continued advance in personal wealth, and the large State and national debt, and consequent heavy taxes, must serve to increase the interest felt in this subject. The burdens of taxation should bear equally as may be upon the two great classes of property, real and personal, and I recommend a renewal of the effort to secure a modification of our imperfect and unequal plan.

It is hardly necessary to suggest to you the importance of most practical retrenchment and economy in every department of public expenditure. Our State debt is hardly short of fifty millions, and if to this is added the county, town, and municipal indebtedness, the sum is more than doubled. The period of declining prices and lessened profits has been deferred, but that it is not far remote, the experience of the past, and the indications of the present, furnish ample proof. The currency of paper and the currency of specie must gradually approximate a common level. The policy of the general government will doubtless tend to unite and equalize the two currencies, and this involves a reduction, resulting in stringency in money and depression of business.

It is respectfully suggested that the general government could wisely diminish the impost on the productions and capital of the people, and by so doing mitigate the severity of the burdens which have resulted from the extraordinary period through which we have passed. It would not embarrass the credit of the nation, while it would assure to the State the ability to meet all the demands upon it with promptness, and engage still further in improvement and development of resources. The theory of the general government is to impose a tax on home industry and cap-

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ital, and a duty on imports, equal to the ordinary expenses of government, the interest on the national debt, and an annual sinking fund sufficient for the discharge of the whole obligation in a reasonable time. The report of the Secretary of the Treasury, December, 1865 ,shows that the extinction of the public debt can be effected in twenty-eight years; but the returns of the year just closed exhibit a gain in receipts over the estimates; and so far as this is drawn from the productions of the country, the increase will continue in the ratio of the gain in production. About twenty-eight millions of our present State debt was created in aid of the national cause, during the period of war, which must ultimately be raised by direct tax, unless the general government shall aid in its liquidation. It is, therefore, of the highest importance that the people should be relieved, as far as is consistent with the general welfare, from the pressure of exactions during the intermediate period. We appreciate that ours is a common interest, and wish nothing for New York, not equally advantageous to others, nor that would bear with severity or prejudice upon the national good name and credit. Heavy taxes retard enterprise and growth, and thereby diminish the ability of the people to contribute to the public demands. Guided by this admitted truth, the general and State governments will so frame their revenue systems, as to meet all obligations by gradual and easy methods. The debt of the former does not exceed three thousand millions of dollars. It is less upon population than the debt of Great Britain, and hardly more than that of several countries of the old world, which have far less ability for payment than our own. The material wealth of our country is so vast, and the growth of our industry so rapid, as to insure our ability to meet every demand; but it is nevertheless of first importance, that it should be so distributed, through a period of years, as not to depress the enterprise of the people. Our varied industry, our profitable commerce, and our undeveloped resources, bewilder even the careful observer with their immensity and value. If the increase of population is an addition to the actual capital of a country during the period antecedent to dense settlement and matured resources, what remarkable ability our country will exhibit within the present century. Well-accredited estimates set down the entire population of the United States at about one hundred millions in the year 1900. This is upon a ratio which gives for the year 1870 about forty-two millions two hundred and fifty thousand, and for

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1865, say thirty-five millions five hundred thousand: the population given by the census of 1860, being, in round numbers, thirty-one millions. Thirty-four years hence we are, therefore, to expect three times as many people in the country as there are now. The total area, including inland water surface, of the United States, is about three and a quarter millions of square miles. So, in a little more than one generation, we are to become three times as numerous, which is still far below the dense population of Europe. No cause can be assigned for ordinary periods of peace, to disappoint these enormous figures; they are deductions drawn from our wonderful and unfailing ratio of increase since 1790, and the same powerful incentives will continue to operate, so long as our lands and products are so inviting and profitable. This increase of wealth and population involves but the same steady progress which our country has always exhibited. Can it be possible, in view of these considerations, that, from such modification, the internal revenue will fall below the requisite amount for the ordinary claims upon it, or that the national credit will suffer?

Considerable progress has been made in the adjustment of our claims against the United States for military expenditures in the early part of the late war. The amount of this claim, up to July, 1862, and inclusive of $131,188.02, paid as interest on temporary loans, was $2,948,963.66. In December, 1861, the Secretary of the Treasury paid to the State the sum of $1,113,000 pending the presentation of the vouchers, and leaving a balance of $1,835,963.66, due and unpaid. In February, 1862, a special agent was sent to Washington, with the vouchers for the entire amount, and up to May, 1865, no part of it had been audited and allowed. Discouraged by the tardy progress, the late Comptroller discharged the agent, and further efforts to secure a settlement were for a time abandoned. In September, 1865, I obtained $262,763.17, which was paid into the State Treasury, and I subsequently requested a return of the disallowed accounts, in order that their informalities might, if possible, be remedied. During the past year the papers were received, accompanied by voluminous statements of differences and causes of rejection, and were placed in the hands of the Quartermaster-general, with directions to thoroughly revise them, and if practicable, satisfy the requirements of the auditing bureau of the United States Treasury. This officer, with the necessary assistants, detailed from other military departments, has made careful investigation of records and papers, conferred

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with officers on duty during the period of expenditure, and in every proper way prosecuted the inquiry. The labor of examination and research has been rendered especially arduous by the lapse of time since the original expenditures, and it is gratifying that so much progress has been made in the face of so many difficulties. The accounts, so far as amended with full and comprehensive statements, have, within the last few days, been presented to the United States Treasury department, and there is reason to believe that, even under the rigid rules of the auditor, a large proportion will be allowed. It is evident, however, that several hundred thousand dollars will remain suspended, and I would again recommend such legislation as will secure a joint commission on the part of the State and general government, to which these accounts may be referred for final decision.

The expenditures from the State treasury, under the act of April 15, 1861, were made under extraordinary circumstances. The board of State officers to whom the fund was intrusted, were prompted by the sole purpose of furnishing the general government with troops efficiently organized and equipped. The authorities at Washington, absorbed in the stupendous labors precipitated upon them by the exigencies of the war, were able to render but little assistance by advice, and the early calls for volunteers were accompanied only by general directions relating to the subject of organization. No appropriation for expenses in raising volunteers was made by Congress until August 5, 1861, and the first orders of the War department prescribing regulations in regard to such expenses, were published September 3d of that year, four months after the disbursements of the State commenced. The State Military Board had no definite guide, and were constrained to adopt such rules as suggested by the best military authority, and as appeared to them proper under the circumstances. Encouraged by the nature of the dispatches from the War Department, which conferred upon the Governor discretionary power in raising volunteers, it was presumed that these accounts would be paid without question. No method of adjustment remains, except such as may be secured by a commission, to which may be safely confided the interests of both State and general governments, with the assurance that a final decision will accord with the demands of equity, irrespective of technical inaccuracy and formal regulations.

In this connection, I may also refer to the accounts paid by the

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State under chapters three hundred and ninety-seven and four hundred and twenty-one, Laws of 1862, which provide that such accounts shall be presented by the Governor to the proper officers of the United States for reimbursement. These claims amount to over three hundred thousand dollars, and as similar informalities may be urged against them, the advantage of a joint commission to settle all unadjusted claims arising out of the late war is rendered more obvious.

PRISONS AND CRIME.

The Inspectors of the State Prisons report that, on the thirtieth of September last, the total number of convicts in the several prisons was two thousand seven hundred and eighty-eight, of whom one hundred and fifty-nine were females, and seventy insane. The earnings and expenditures for the fiscal year ending at that time were as follows:

Earnings.

Sing Sing prison, for males	$125,704 32
" " " females	4,829 01
Auburn prison	97,734 91
Clinton "	193,376 56
Total	$421,644 80

Expenditures.

At Sing Sing male prison	$220,259 36
" " female "	27,149 13
" Auburn prison	134,001 73
" Clinton "	191,640 90
" Convict insane asylum	15,937 15
Total	$588,988 27

During the year the number of convicts have increased nine hundred and fifteen, while the excess of the expenditures over the receipts is considerably less than the previous annual statement exhibits. The aggregate value of all the prison property is estimated at $2,166,969.17.

This interesting and able report of the Inspectors shows a fair condition of internal management and discipline. In my judgment however, the entire prison system should be removed from the fluctuations of political organizations, and a permanent and more efficient policy instituted. Under existing conditions, there is a

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want of uniformity in administration, as the rules adopted by one board of inspectors are liable to innovation and change from their successors in office. The practice of letting convict labor to contractors, judged by the tests of experience, is subject to serious objections, while the experiment now in operation at Clinton prison furnishes ground for believing that this class of industry may be successfully utilized by the State.

I am informed that the report of the Prison Association, soon to be submitted to you, will contain much authentic and valuable information upon this branch of the public interest. The views of the distinguished gentlemen comprising the corporation are certainly entitled to great respect, and it is presumed their efforts for the perfection of our prison code will have an important influence upon future legislation.

It may be safely assumed that a system of prison management and discipline devised at the time of the adoption of our present Constitution, is now capable of many reforms. In view of its revision, I am encouraged to indicate a division of executive duties connected with this branch of administration, suggested alike by experience and reflection. The Governor is now vested with the exclusive power of granting "reprieves, commutations and pardons after conviction, for all offenses except treason and cases of impeachment." In our earlier history, executive jurisdiction over the various public interests was comparatively limited, and his duties were not essentially enlarged in the exercise of this prerogative. Each successive year, however, has augmented the labors of every department of State government; and in the rapid development of our material wealth and the growth of population, the scope of executive action has also enlarged. Crime, I regret to say, has progressed in a somewhat corresponding ratio, and the capacity of our prisons is overtaxed to receive those who have incurred its penalties. Appeals for clemency are now so numerous and importunate that this branch of official duty alone claims a large share of the time and attention of the Governor. Many of these cases are complicated by difficult questions of legal construction, the weight of evidence, or the measure of justice, constantly demanding examination and decision. It is my opinion that the pardoning power should be delegated to a co-operative bureau, or so distributed as to relieve the Governor of the sole responsibility of investigation.

Allow me to direct your attention to the complaint which has

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reached me from many sources, of laxity in the prosecution of indictments and the enforcement of the legal penalties of disorder and crime. Under the provision of our statutes, conviction and punishment are partially controlled by the prosecuting attorney, and the results are often dependent upon his will or his caprice, while he is almost entirely absolved from that close supervision which tends to exact a strict discharge of official trusts. It is due to interests so vital to the order and welfare of society, that legislative protection against any abuses of this character that may exist, should be applied.

NEW CAPITOL.

Chapter six hundred and forty-eight of the Laws of 1865, authorized the appointment of a Board of Commissioners for the erection of a new capitol, upon compliance with certain conditions by the city of Albany. The requirement was promptly and liberally fulfilled by the city authorities, and a valuable site was conveyed to the State for the purposes contemplated. Commissioners were appointed, and plans and specifications have been procured. These plans will doubtless receive the early approval of the Commissioners of the Land Office, as provided, which will complete the work of preparation. It is proper that this enterprise, so creditable to the State, and so important to the comfort and necessities of the several branches of State administration, should be promptly and successfully prosecuted. To this end I recommend that an appropriation be made.

PUBLIC CHARITIES.

The various charitable institutions of the State for the care and relief of the Insane, the Idiotic, the Deaf and Dumb, and the Blind exhibit a gratifying condition of usefulness. Their claims for generous recognition will doubtless be met by that spirit of enlightened appreciation which has hitherto enabled them to respond to the humane purposes for which they were founded.

For some years past the State has made large annual appropriations to aid in the support of Orphan Asylums, Hospitals, Homes for the Friendless and other charitable institutions. No adequate provision, however, has been made by law for the inspection of these and other corporations of a like character, holding their charters under the State, or for any effectual inquiry into their operations and management. There are a great number of these institutions, and the amount contributed for their support by public

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authorities and by public benevolence is large, and so many persons—the aged, the helpless, the infirm and the young—fall under their care, that I deem it expedient that the State should exercise a reasonable degree of supervision over them. To this end I recommend the appointment of a board of commissioners, in such manner as the Legislature may deem proper, to serve without compensation, but whose actual expenses should be paid, and to be invested with such powers and charged with such duties, to effect the object in view, as may be thought judicious. I have no doubt that gentlemen of high character and conceded qualifications can be found in every part of the State, whose public spirit would induce them to serve on such a commission. Through this intelligent and reliable source, accurate information could also be obtained as to whether these charities afforded adequate assistance for the destitute children of soldiers who perished in the war for the Union. Should the present means of relief prove unequal to the needs of all this deserving class, it will be recognized as a paramount duty to make immediate and ample provision; and the board could doubtless devise a plan which, in its scope and essential features, would receive general acceptance, and meet every want of the helpless and unfortunate.

Unhappy differences exist in regard to the management of the Inebriate Asylum, and an investigation is asked by its board of trustees, with a view to their adjustment and the early resumption of the good objects which characterized the enterprise.

Under the authority conferred by chapter 587, Laws of 1865, trustees were appointed to locate the Institution of the Blind. The citizens of Batavia, in a spirit of great liberality, furnished to the State a large and eligible site. In March last, commissioners were named to proceed with the construction of the buildings, and considerable progress has been made under their practical and efficient management. The same act provided for the purchase or lease of a building, suitable for the care and education of the blind, to be occupied until the plan was fully developed. The trustees selected for this purpose were experienced and eminent men, and in their good judgment, a structure at Binghamton was leased for three years, with the privilege of purchase. It has been fitted up with generous regard for the interests contemplated, but at greater expense than was anticipated, and now only awaits the purchase of heating and other apparatus, to complete it for occupancy. The building and grounds, the excellence and abundance

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of water, and the health of the locality, furnish strong arguments in favor of this also being made a permanent location. The needs of this class of unfortunate people are quite equal to the ordinary capacity of two institutions. Besides, it is quite well established that the conditions upon which success is founded, in the management of the blind, require separate institutions; one for intellectual culture and education, and the other for the prosecution of mechanical work. I understand that the owner of the Binghamton property is willing to sell to the State at a reasonable price, and I recommend the matter to your thoughtful consideration and favor.

The Willard Asylum building for the Insane, at Ovid, is progressing well. The commissioners in charge, notwithstanding the difficulty in obtaining at all times, the quantity and quality of materials desired, have advanced the work with commendable dispatch and economy.

The commissioners appointed to locate the Hudson River Asylum for the Insane have accepted a site offered by the citizens of Poughkeepsie. Hospitals for the care and cure of the insane are a present need of the State. As shown by the able report of the late Dr. Willard, there were in 1864 in the poor houses of the State, one thousand three hundred and forty-five of this unfortunate class. The ratio of incurables is steadily increasing, for the want of greater public accommodation for the early treatment of mental disease. It is the opinion of eminent medical authority, that "in a perfect state of things, where the best appliances which the science and skill of the age have provided for healing, are offered to the lunatics in as early a stage of their malady as they are to those who are attacked with fever or dysentery, probably eighty, possibly ninety per cent. would be restored." The Asylum at Utica, large as it is, is wholly inadequate to the demands of the State; besides, its distance from remote counties virtually excludes many who would otherwise receive its care. Careful computation has demonstrated that, during twenty years of its able management and successful operation, the advantages of the Asylum to Oneida county have been more than double those enjoyed by the counties next beyond, but within sixty miles, and they are nearly three-fold those of the counties which are from sixty to one hundred and twenty miles distant. These facts prove that people will avail themselves of the benefits of these institutions somewhat in the ratio of their proximity to them.

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The prospective Asylum at Ovid, and the one contemplated on the Hudson river, promise no more than adequate facilities for the treatment of the insane.

It will be recognized as a duty to contribute to the fund for a National Cemetery at Antietam, to preserve from desecration the remains of our gallant heroes who fell upon that historic battle-field. The State of Maryland has made large appropriations for this object, and through its board of commissioners, has endeavored to secure the co-operation of other States. The amount originally assigned to New York State was 17,281.88. Most of the Northern States have already made appropriations for this purpose. As the general government has initiated liberal provision in this behalf, it is now supposed that the sum of ten thousand dollars will discharge the obligation resting upon our own State. With a view of manifesting a proper interest in this national project, I appointed two eminent gentlemen to represent this State upon the occasion of dedicating the grounds selected for the cemetery, and their report will be duly transmitted for your information.

NEW YORK CITY.—QUARANTINE AND PUBLIC HEALTH.

I invite your attention to the affairs of the city of New York: the most populous as well as the first commercial city of the western continent; intimately connected with the vital interests of all parts of the State; holding relations with every State in the Union, and every country abroad. This imperial city lies within our borders, and is justly entitled to every consideration demanded by such vast and important interests and relations. To adorn and improve it, to extend its commercial convenience and capacity, to give greater security to life and property, to protect those doing business within its limits from exorbitant and unnecessary taxation, are matters of first importance to the city, and to all parts of the State. The method by which these results may be attained, I leave to your intelligent judgment, confident that you will agree with me, that whatever appropriate legislation can effect towards these desirable ends, is clearly required at your hands.

In my last annual message I called the attention of the Legislature to the fact that the fearful epidemic which had raged with such violence in many parts of Europe, had already made its appearance in our principal seaport, and I recommended that prompt measures should be provided by law to stay its progress. This recommendation met with a ready and liberal response. Concur-

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rent resolutions were passed by the Legislature calling upon Congress to aid the State by placing hulks and vessels, temporarily, at the disposal of the quarantine authorities. An appropriation was also made, to enable the Quarantine Commissioners to provide such means for the care and treatment of the sick as the exigencies of the case should require. They took immediate steps to bring the action of the Legislature to the attention of Congress, and secured the passage of a resolution by that body, authorizing the Secretaries of War and Navy to comply with the request of the State.

Impressed with the national importance of guarding against the consequences of the introduction of the terrible scourge into the great commercial metropolis of the country, the Secretary of War at once placed the steamship "Illinois," and the Secretary of the Navy placed the sloops of war, "Saratoga" and "Portsmouth," under the control of the State. In this connection I have the pleasure to acknowledge, also, the generous action of the Secretary of the Treasury, in placing the United States revenue cutter at the port of New York in charge of a special agent, to aid our authorities in enforcing quarantine regulations. Events have since shown that these steps were neither unnecessary nor premature. Scarcely had these preparations been made before the steamship "Virginia" arrived from Liverpool, having lost forty-six of her passengers by cholera during the voyage, and having a large number of sick on board. The number of her sick increased while under quarantine, until it reached one hundred and ninety-six. Since that time eighteen other vessels have arrived from foreign ports, each of which brought the frightful malady to our shores. Six hundred and fifty-one persons sick with the disease have been treated under quarantine since these facilities were provided. The number of cases that have occurred on board of vessels during their passage, and after their arrival here, is not definitely known, but it is estimated by the Health Officer at two thousand, and that out of this number at least one thousand have died. It is believed that few, if any, cases of cholera have appeared on shore, the origin of which can be traced to the sick under quarantine. This is the highest testimony in favor of the vigilance of the Health Officer, and the efficiency of the measures adopted by the Commissioners of Quarantine, to confine the disease to the vessels in the lower bay. It would seem, also, to set at rest the doubts ex-

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pressed as to whether a personal quarantine, in cases of cholera, is of any practical value.

In view of these facts, it will become your duty to determine what further action should be taken to continue the protection and security we have enjoyed during the past year. Experience, both here and abroad, teaches that the frosts of winter present no effectual barrier to the approach of this dreaded malady. Its visitation among us in 1865 was as late as the third day of November, while eight out of the eighteen vessels above mentioned arrived after the first of November, 1866. The presence of cold weather, therefore, brings with it no guarantee of safety. Many predict that the most serious visitation of the disease is yet to come, and that the approaching season will require more ample accommodations for the sick than have yet been provided. The joint resolution of Congress, to which I have referred, is limited in its operations to one year. The quarantine hospital now being erected on West Bank cannot probably be completed and ready for the reception of patients before the middle of the coming summer. In the meantime other accommodations should be provided. The people rely upon your wisdom and liberality to supply their officers with whatever may be necessary to protect the public health. The reports of the Commissioners of Quarantine and the Health Officer furnish information and suggestions, founded on experience, which will aid in guiding your judgment.

An act was passed by the last Legislature, creating a Metropolitan Sanitary District and a Board of Health therein, and on the sixth day of March the organization provided for was made. The efforts of the commissioners appointed, to improve the sanitary condition of the district—which was then deplorable—aided by the fear of an impending pestilence, soon accomplished the most gratifying results. The measures of the board have secured to New York and Brooklyn, as well as to other portions of the State, a comparative exemption from the great afflictions usually attending the presence of this epidemic. The public confidence in the ability of the commissioners, quieted the fears of the people, and the great commercial interests of the State have not materially suffered. With their ability, activity and energy, and with the support and confidence of the public, it is believed they will, in time, reduce the mortality of the great cities in the Metropolitan district, aid in preserving the health and promoting the comfort of the people, and by these means add to the wealth, and

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increase the prosperity of the State. The act creating the Metropolitan Board of Health requires some slight amendments, to secure its greater efficiency, for which your attention is directed to their report and accompanying documents.

The several annual statements of the administration of the Police department, the Fire department, and the Commissioners of Emigration, will soon be laid before you. These reports are replete with information of public interest, and disclose the successful operations of their respective departments.

MILITARY DEPARTMENTS.

There were, on the first day of December, 1866:

104 regiments of infantry; 3 regiments of cavalry; 1 regiment of artillery; 1 battalion of infantry; 2 battalions of artillery; 3 batteries of artillery; 1 battalion of cavalry; 1 independent battery; 2 light howitzer batteries; 1 squadron of cavalry.

Of infantry regiments thirteen will be disbanded and consolidated.

There has been a marked improvement in the National Guard organization of the State during the past year in discipline and efficiency. The regiments to be disbanded and consolidated have failed mainly by reason of lack of uniforms and equipments. The appropriations granted heretofore, for the purchase of uniforms, arms and equipments, have been expended, and still several thousand men, enrolled and organized, are unsupplied. The appropriation of one hundred and fifty thousand dollars, made last session, payable out of fines and taxes to be collected from the reserve militia force, has not been realized.

On the first of January, 1866, the enrolled and organized force of the National Guard was slightly in excess of fifty thousand men. The last Legislature fixed upon this number as the maximum to be maintained in time of peace, and also provided that the minimum of thirty-two men, rank and file, for company organization, should be increased to sixty-four men. It is the opinion of the Adjutant General that the former number is all that should be required in time of peace, conferring upon organizations discretionary power of increase. The militia law of the State, and the act of Congress relating to a militia system, provide that each regimental district shall have an organization, and, with one hundred and twenty-eight districts, an increased minimum will

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necessarily augment the force beyond the number fixed by the Legislature.

Your attention is respectfully directed to the improvements for the alteration of the Springfield and Enfield rifles, and to the action of this and other governments in adopting breech-loading small arms, with the view of securing to the National Guard of our State the advantages of this improvement. With the largest and best organized militia of any of the States, it should be our aim to raise it to the highest standard of efficiency. I have deemed the matter of sufficient practical importance to warrant the appointment of a military commission, and their report will be duly transmitted for your further information.

The unorganized arms-bearing population constitute the reserved militia. Three enrollments have been made, or attempted, since the militia law was passed, and in neither case has it escaped legal criticisms upon the mode of its execution. Under the enrollments of 1862 and 1864, no fines or taxes were realized to the treasury. The Legislature intervened in one instance, and relieved this reserve delinquent force from its payment; in another, legal objections were raised which deterred the authorities from any attempt to enforce it. In making the third enrollment during the past year, more care has been bestowed in conforming strictly to the requirements of the law, and it is expected that the militia fund will be benefited thereby.

The importance of an effective militia to a democratic republic cannot be over-estimated. A people who really desire to avoid war will find a potent element of security and peace in a well organized militia. It may at least be questioned whether any government, however wise its foundation, can safely dispense with a well regulated citizen soldiery which may be called to the public defense in periods of public danger. Our experience as a people seems to justify this opinion. Gratitude will be eternal to the men who sprang to arms at the call of the government in 1861, and however much we may owe to their ardent patriotism, we cannot but feel that the feeble character of the military organizations in the Northern States emboldened the rebels with the hope of success, and even made probable, in their judgment, the success of the rebellion itself. If our populous loyal commonwealths had been more fully prepared with well disciplined and well armed citizen soldiers, the suppression of the rebellion might have been a work of months rather than of years.

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With an enlightened people a complete military system enlists upon the side of law and order a large number of able-bodied members of community, and creates a force of sufficient strength to discourage outbreaks against the peace and quiet of society. It seems, also, to keep alive the grand traditions of the race; the chastened memories of the nation's trials and triumphs; it excites more exalted feelings of personal responsibility to the government, and inspires a chivalrous sense of national honor, which a people should ever feel who are willing to face death in defense of their rights. If not impracticable, it would still be unwise, to organize the whole arms-bearing population. On the other hand, we could not create a class militia, without making distinctions opposed to the genius of our institutions. It is a source of pride to turn to our own National Guard organizations and militia system as the best solution of the question yet found in the experience of any of the States.

The reports of the several Staff Officers will soon be laid before you. The duties which pertain to those departments of the public service have been faithfully and well performed. The late rebellion necessarily increased largely the military expenses, and since its suppression no considerable reduction in these departments could be made. The perfection of the records, the issue of certificates confirming the claims of officers and privates for back pay, bounty and pensions, the continued application for State bounty, and the revision of the accounts of the State against the United States, have, together with other important duties, required a continuing large force and expenditure. But during the past year such progress has been made in the adjustment of these matters, that I shall be able to make some diminution, and still maintain the efficiency of these departments for the discharge of all important duties.

The report of the Bureau of Military Statistics will also be presented. The objects of this office are highly patriotic, and its value as a means of collecting and preserving the material for accurate history, is obvious. Through its correspondence with town and county authorities, officers of societies, and members of military bodies, the details and statistics of effort and organization throughout our State have been gathered, and now constitute a vast fund of information of public interest and utility. The report of the Chief of this bureau makes full mention of many facts and matters of importance and pride to the people.

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It is not certain that the project to secure a hall of military record will be consummated. The scheme for such a building, to perpetuate the memory of the part taken by New York soldiers, sailors and citizens, in the late civil war was based upon an appeal to patriotic sympathy and gratitude. Thus far the sum contributed has been less than one-fourth of the amount required for the purpose contemplated in the act of the Legislature. The failure of the plan will not be a matter of deep concern, if the new capitol building shall be prosecuted with reasonable vigor, of which there is now little doubt. In this building a room may be set apart for the collection of relics and mementoes, which are already very numerous and of rare interest, and which will, doubtless, augment for years to come. While it is hoped that the money will be contributed adequate to the original design, I cannot doubt, as the bureau must eventually become substantially a branch of the Adjutant-General's department, that an appropriate repository for the collections may be arranged in the new capitol near the military archives which pertain to his office.

MILITARY AGENCIES.

The subject of State aid to disabled soldiers, and to the widows and orphans of those who fell in battle during our recent war, will again engage your attention.

The military agencies at Washington and Albany, and the temporary Soldiers' Home, through which the aid of the State has been disbursed, have secured great good to those who have needed their assistance, and proved an efficient and economical means for the distribution of State aid.

The amount of business transacted at the agencies has been large. Over seventeen thousand claims have been prepared and forwarded; thirty thousand letters have been written, and six hundred thousand dollars collected. There are now fifteen thousand applications pending, on which not less than one million five hundred thousand dollars will be obtained during the coming year.

Nearly all of those making application are in extremely destitute circumstances; their necessities urging them to avail themselves of the benefit of a free claim agency. Many of the claims, when presented, are, from incomplete evidence and other imperfections, of so doubtful a character and present so many difficulties, that no attorney would undertake their prosecution without

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being guaranteed their fees; a condition with which, from their indigent circumstances, the applicants could not comply. The claim would thus, virtually, have to be abandoned, and the most necessitous cases would be excluded from the benefit of provisions made in their behalf by the government; and thousands of dollars would be lost to the State. A further consideration, of great importance to the recipients of these bounties, is the expedition of the process of settlement of the claims filed by these agencies. They are uniform, prepared with great care, conform strictly to the regulations prescribed by the different departments of the general government, and are in such numbers as to permit of their presentation by regiments, at the proper department.

It must also be considered that, should these agencies be discontinued, and claims transferred to attorneys, the expense to the claimants would doubtless be equal to the fees which have been charged in original cases, and that delay and complication would be unavoidable. I assume your hearty concurrence with me, that good faith towards those who have been invited to present their claims through these channels, clearly demands the consummation of them.

The enactment by Congress towards the close of its late session of the equalization bounty bill, greatly increased the duties of these departments, and required the employment of a larger force than was at first expected, and it is probable that no reduction of employees can safely be anticipated during the current year.

The temporary Home for such disabled and necessitous soldiers of this State as required its shelter and protection, has been in operation during the entire year, and has met the demands upon it, both as a home and as a hospital. The industrial school building and its ample grounds, which the city of Albany so generously placed at the disposal of the State for this purpose, seem well calculated, by reason of location, size and arrangement, for the present object, and have fittingly expressed the care of the State for its maimed and sick defenders. Since the organization of the Home, it has afforded shelter for over six hundred men, who have come from thirty-seven counties of the State. Of this number more than one-half have been under treatment, in the hospital of the Home, for re-opened wounds, or sickness resulting from service during the war. Three hundred and sixty-five men have been discharged at their own request, recovery from sickness, reception of back pay or pensions, or suitable employment, reliev-

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ing them from the necessity of further aid from the Home. There are at present two hundred and fifty inmates, ninety-seven of whom have suffered amputation, sixty-one have been otherwise wounded, and the remainder are in the hospital. The number of men availing themselves of the Home for surgical and medical treatment has been large. The hurried closing of the United States hospitals, together with an anxiety to be discharged from the military service on the part of the soldier, threw upon the community a large number of men not able to care for themselves, who had neither homes nor friends to care for them, and whose partially healed wounds and impaired constitutions soon compelled to seek aid at this retreat. The number of such cases is gradually decreasing, but as reliable data show there are thirty thousand returned volunteers in this State, who are either wounded or otherwise permanently disabled, it is yet too early to set the limits to the length of time assistance will be needed by this meritorious class.

It is understood that during the current year the plans of the General Government for the relief of disabled soldiers and sailors will be so far perfected that the State may be relieved from the care of those who are so permanently injured, that with the liberal pensions now allowed, are unable to care for themselves, while it is not believed that the present or prospective necessities of these men require the institution of a permanent establishment in this State, or the continuance of the military agencies for a long period. I have no hesitation in recommending a liberal appropriation for their support during the current year.

POPULATION, MANUFACTURERS AND AGRICULTURE.

The report of the census of 1865 is completed, and will soon be spread before you. A comparison of this with the census of 1855 shows that in ten years the population of the State, now 3,827,818, has increased 361,602. This growth is greatest along the principal routes of travel and in commercial and manufacturing districts; but seven counties of the State, however, have failed to contribute in some degree. The population of several agricultural counties has for many years been nearly stationary, and the tendency to western emigration, and the rapid introduction of improved implements of husbandry, will doubtless extend this condition to other farming counties. We may expect, therefore, that the marked increase of population, for many years to come,

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will be confined mainly to large villages and cities, where manufactures and commerce will employ the surplus labor of the rural districts.

Some changes have occurred in the proportion of the different classes of population to which I may refer. The civil war through which we have passed will, in a great measure, account for the number of males, of ages liable to military service, being relatively less than ten years ago. The native citizens of the State are 67-84 per cent. of the total population, an increase of 3-73 per cent.; and there is during the same period, a complemental decrease of every foreign element except the German. These tables give the number of voters at 823,873, an accession of 170,551, traced in a large degree to the naturalized citizens. It is doubtless attributable to the law of 1862, which admits an alien honorably discharged from the army of the United States to the elective franchise, after a residence of one year. As the report includes no facts of later occurrence than June 1, 1865, it fails to furnish a complete record of all persons who have entered the army and navy from this State. Still, the military statistics, obtained with great particularity, and presented in various combinations, are of value, as data for comparison and deduction, and as material for the use of the historian and economist. The negro population, now numbering 44,081, has been gradually diminishing during the last twenty-five years, while the Indians, living upon reservations, have steadily increased without being indebted to immigration for the result. This growth of the aboriginal race is opposed to the favorite theory of their final extinction, and their gradual improvement in intelligence and thrift even induces the hope that, whenever they shall have conformed to the usages of civilized people in respect to the marriage relation, they will be prepared to receive their common lands as individual property and the principal of their annuities. The motives which incite men to acquire wealth and inheritance for their families would operate in them with appropriate effect, and they might fitly receive and assume all the privileges and duties of the citizen.

The census of 1860 reported 22,624 manufactories, having a capital of $172,895,652, and a product of $378,870,939. The present census, furnishing the statistics of 1864, embraces returns from 24,527 establishments, having a capital of $227,674,187, and a product of $463,603,877. Thus, after an interval of only five years, there is realized an increase in capital of more than thirty-

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one per cent; and in the value of products of more than twenty-two per cent. When considered that manufacturers were chary of minute inquiry, as unwarrantable interference with their private affairs, and many were influenced by the fear that the information obtained would be used in the assessment of taxes, it may be admitted that the aggregates of capital and product are rather below than above the truth. Regarded as the page in their history, made during the last year of an exhaustive civil war, it is a remarkable proof of the stability and advancement of these great industrial interests.

In a country where three-fourths of the people are engaged in agriculture, all information respecting its improvements and progress has peculiar interest. The productions of the earth from tillage are the chief sources of our prosperity. The census is especially interesting in its valuable and comprehensive array of facts bearing upon this noble pursuit. It is with great satisfaction that I learn, also, from the report of the corresponding secretary of the State Agricultural Society, of a marked advance in almost every department of rural industry and enterprise.

EDUCATION.

At an early day, general attention was directed to the subject of education, which was deemed essential to the security, progress and power of the people. Provision was made for the incorporation and endowment of colleges and academies. It soon became evident, however, that institutions of learning thus organized could not meet the demand of a people whose government was founded upon the theory of the general education of the masses. A more comprehensive system was needed, embracing in its operation the entire State, and making available to every family, instruction in the primary branches of education. It does not appear that the views of Governor Clinton upon this subject, communicated to the Legislature as early as 1795, resulted in the adoption of a general common school system until 1814. Since that period the progress of the system has been marked, gaining steadily in character, and extending yearly its beneficent influence. More than ninety per cent of all the children and youth who receive scholastic instruction in our various institutions of learning attend only the common schools.

The following brief summary is gathered from the records of

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the Department of Public Instruction, and from the report of the efficient Superintendent:

For Support of Common Schools.

Public school moneys, including ¾ mill tax	$1,406,080 43
Voluntary taxation in the school districts	4,550,111 86
Rate bills	708,003 03
Other sources	714,684 90

Expended during the Year.

Teachers' wages	$4,586,211 09
Libraries	27,560 06
School apparatus	186,508 90
Building and repairs of school houses	969,618 12
Miscellaneous	858,246 12
Balance reported on hand	750,735 93
Total number of children and youth between the ages of five and twenty-one years	1,354,967
Number of children between the ages of six and seventeen years	931,404
Number of children of school age who have attended the public schools during some portion the year	919,033
Teachers employed in public schools for twenty-eight weeks, or more, during the year	15,664
Whole number of male teachers	5,031
Whole number of female teachers	21,450
Total number of school districts	11,732
Total number of school houses	11,552
Aggregate number of weeks' school	369,571
Number of volumes in district libraries	1,183,017
Aggregate number of pupils attending the Normal schools at some time during the year	451
Number of teachers instructed in teachers' institute	8,553
Nunber of teachers in teachers' classes in academies	1,469
Amount of money to be apportioned for the support of common schools, for the current fiscal year	$1,468,422 22

The report shows that the number of children and youth in daily attendance at the public schools is 30.02 per cent of the entire number between five and twenty-one years of age, or 43.67 per cent of the entire number of children between six and seventeen years of age.

Although this average attendance upon the public schools is the largest ever reported, it is, nevertheless, believed that, by judicious legislation it may be essentially increased. If, to the number

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who have attended school during some portion of the year, we add those instructed for a longer or shorter time in the private schools, including colleges and academies, still the proportion neglecting these opportunities for education cannot fail to excite serious attention. With the conviction that universal education is a necessity of the State, I recommend that all impediments in the way of its free acquisition be removed, whether in the form of rate bills, poor and incommodious school houses, or the want of teachers specially trained to their vocation.

The advantages derived from the two Normal schools already established, and the conceded want of a greater number of thoroughly qualified teachers, induced the last Legislature to appoint a commission to invite proposals for the establishment of four more such schools. The commission received applications from various localities, making most liberal offers of land, buildings, all necessary furniture and apparatus, or their equivalent in money, and upon full consideration Potsdam, Cortland, Brockport and Fredonia were selected. The manifest good faith in which these propositions were made, warrants the belief that they will be carried into full effect at the earliest time possible, and that the State will have possession of suitable grounds, commodious and well furnished buildings, supplied with all needful appointments for the conduct of such schools. The commission, impressed by the public spirit manifested in generous offers from so many places, and by the interest so generally felt in the special preparation of teachers for their work, adopted the following preamble and resolution:

"*Whereas*, It is manifest to this commission that the number of Normal Schools authorized by chapter 466 of the Laws of 1866 is entirely inadequate to the public requirement; and, whereas, liberal proposals have been made in various portions of this State for a number of schools more nearly adequate to the public wants, therefore,

"*Resolved*, That we earnestly recommend to the Legislature to authorize the designation of location of six additional schools, on the same terms and conditions as in the act above cited."

The Regents of the University represent the present condition of the colleges and academies of the State as highly prosperous. Among the valuable suggestions contained in their annual report, the plan mentioned for the better professional education of such

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graduates of the colleges as design to become teachers, will doubtless be regarded with especial favor.

I would also call your attention to the State Cabinet of Geology and Natural History, and the importance of completing the scientific and economic collections, and securing the publications connected with the Natural History of the State. For many years this branch of the public interests has not kept pace with the progress of knowledge.

The Geological collections hold an important relation to the general geology of the United States; and the reputation of the State is involved in their preservation and enlargement. Our material interests are so intimately connected with the advance of science, that it seems to be wise policy to strengthen these agencies. To this end, the plan submitted by Professor James Hall to the Board of Regents is deserving of careful consideration.

CANALS AND INTERNAL IMPROVEMENTS.

The following is a statement of the canal fund for the fiscal year ending 30th September, 1866:

Receipts and Payments.

Balance in the treasury and invested Oct. 1, 1865,	$3,922,980 14
Received during the year	6,704,292 89
	$10,627,273 03
Payments	5,742,638 91
Leaving a balance September 30, 1866, of	$4,884,634 12

Revenues during the fiscal year.

From tolls	$4,248,931 17
Rent of surplus water	4,293 75
Interest on current canal revenues	38,249 73
Miscellaneous receipts	18,271 47
	$4,309,746 12

Expenses.

To Canal Commissioners for repairs,	$255,265 20	
To contractors for repairs	685,446 80	
To superintendents for repairs	292,811 89	
To collectors for salaries, clerk hire, pay of inspectors, and expenses of collectors' offices	74,584 30	

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For salaries chargeable to annual revenues, refunding tolls, printing, and other miscellaneous payments	$64,428 33	
For overdraft on account of Champlain canal locks, per act, chap. 543, Laws of 1866	62,453 21	
		$1,434,989 73
Surplus revenues		$2,874,756 39
which have been transferred to the Sinking Fund as follows:		
Under article 7, section 1, of the Constitution	$1,700,000 00	
Under article 7, section 2, of the Constitution	350,000 00	
Under article 7, section 3, of the Constitution	824,756 39	
		$2,874,756 39

Statement of the Canal Debt, paying interest on the 30th September, 1866.

	Principal.	Annual Interest.
Under article 7, section 1, of the Constitution	$4,899,600 00	$244,980 00
Under article 7, section 3, of the Constitution	11,567,000 00	688,350 00
Under article 7, section 12, of the Constitution	1,700,000 00	102,000 00
	$18,166,600 00	$1,035,330 00

The canal stock debt has been reduced during the year $1,257,985.49, by reimbursements of matured stocks, and by purchase and cancellation of stocks matured. The balances now in the Canal Debt Sinking Fund, amounting to $2,563,623, pledged to the payment of the principal of the debt, when applied, will reduce that principal to $15,602,976. If we may assume the canal stock liabilities beyond the means in the treasury to meet them, to stand at these figures, we shall, in six years since 1860, have reduced those liabilities $11,604,344.71.

The Auditor of the Canal Department estimates, that by the close of the fiscal year in 1868, the whole of this debt contracted prior to 1846 will have been paid or provided for, and that the entire liquidation of the general fund debt of 1846 may be looked

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for in the year 1872. The department has been purchasing these unmatured stocks, with a view to cancellation, and will continue to do so to the extent of the means available, when offered at prices advantageous to the State.

The magnitude which the freight transportation through the State has attained, attracts to the subject of our public works, as to their capacity and the cheapness of transit, the gravest consideration. While it has been the traditionary policy of the State to provide adequate channels of trade, during the last quarter of a century the question of present and ultimate capacity of the canals for the movement of all the produce and freights which might offer, has evoked public solicitude and discussion. The grain producing sections of the west, the commerce and manufactures of the east, and the common progress and prosperity of both sections, are alike interested. Perhaps no point has been so urgently pressed by the people of the Lake basin States, and the States adjacent, which send their surplus to the seaboard in this latitude, as this demand for cheap and prompt transit over the belt of land separating the lakes from tide water; and it is the duty and interest of the State to meet every need and just claim in this direction. Dispatch, and cheap rates of transportation, increase trade and promote the growth of population and wealth. I think, however, there is some misapprehension of the facts bearing upon the questions of present capacity of our public works, to which I may properly advert.

The Erie canal has now, and has had since 1860, a tonnage carrying capacity of four millions of tons in each direction, east and west, during an ordinary season of navigation of seven and one-half months. Since that time it has not been taxed at any period with business or the transit of boats carrying tonnage to exceed very little, if any, seventy-five per cent of that capacity. In arriving at these results, I have assumed that this thoroughfare was at all times during the season of navigation in proper order, the locks in good condition, constantly in a working state, and promptly and efficiently attended by an adequate number of men.

The movement of loaded boats propelled by horse power is necessarily slow, not exceeding one and a half or two miles an hour, requiring an average of nearly fourteen days time from Buffalo to New York, including breaks in the canal and detention from other casualties. This will be generally recognized as the cause, in part, of the demand of increased capacity. The delay

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in the movement of freight is a matter of deep interest and importance to the consignees and shippers, when there is an active and changing market, coupled with a shipping demand. It is also to be remembered that within the last few years the high prices paid for boats, the wages of labor, and the cost of towage, have conspired to raise the charges of our present canal transportation, combined with other causes, to a higher point than is thought to be just, by the people of the Western States, who are most sensitive, because most deeply interested. They ask for a cheaper and more rapid method of reaching the Atlantic markets, either by essential modification of the existing lines through our State, or the opening of new channels that must, if completed, have an important effect upon our commercial and financial prospects, and the result of which, whether for good or for evil, it is impossible now to foresee.

This leads to the enquiry, what we can do to satisfy the claims and meet the expectations of our neighbors, and at the same time avoid a diversion of the great carrying trade from our public thoroughfares which have been established at so much expense and with so much pride by the State. We can construct an enlarged tier of locks on the line of the Erie and Oswego canals, from tide-water to lakes Ontario and Erie, which will admit the passage of vessels propelled by steam of five or six hundred tons burden. It may be admitted that this is the probable extent of our ability, using the present lines of our public works. These vessels would carry threefold the tonnage of our present two-hundred-ton canal boats, and make the round trip in half the time. In these days of rapid enterprise and progress, there is scarcely a question that steam will ere long either displace or travel around other motive power, over a country so important to the commerce and comfort of the world, as the surface of land in New York, reaching from the Hudson to the lakes. With vessels of the tonnage and description I have mentioned, propelled by steam, competent engineers have estimated that the capacity of the canals will be increased to over eleven million tons, and the cost of transportation reduced fifty per cent. From an examination of their surveys and the estimates made in 1863–64, I cannot place the cost at more than ten million dollars.

After full consideration, if this be deemed the best method of meeting the demand, the question will arise, how can the means to cover this cost be obtained? Will the people of the State bear

a tax of five million dollars a year to provide the necessary fund? And if they would, is it wise, or expedient to make this effort and impose this additional burden at a time when the State, county, town and municipal debt is very nearly or quite one hundred million dollars, and when the whole aggregate yearly taxation from the sources mentioned is not far below fifty million dollars? If the general government should aid us directly, as suggested in some quarters, or indirectly, by remitting something of the tax upon our industry or capital, to the extent of our war debt, the question would be modified in its financial aspect. But I discuss the subject outside of this consideration. Shall a new debt for canal purposes be contracted, and its reimbursement charged upon the funds raised by direct taxation, when we have reason to believe that a new debt could be paid from other sources of revenue?

The surplus canal receipts from 1860 to 1866, inclusive, amounted to $20,436,868.26, which have been applied to the payment of the principal and interest of the canal stock debt. After applying the balance in the sinking fund, the stock debt chargeable upon the canals would now be less than $15,000,000. By the application of accruing revenue, the remainder of that debt, in 1869, would be within $10,000,000. Suppose the balance of the old debt, together with the new debt for the enlargement, should be, in 1870, $20,000,000, and the yearly interest thereon, $1,200,000; it will be seen that an annual additional contribution from the revenue of $1,200,000 would discharge the principal in seventeen years. Our past experience would seem to fully justify this calculation for the future. Assuming then, to act upon this basis, a gross revenue of $3,400,000 annually, and a net revenue of $2,400,000, will extinguish all the liabilities of the present and new debt within the period mentioned. The gross canal tolls from 1860 to 1865, inclusive, was $23,398,138. If the contemplated improvement will invite an increase of traffic upon the canals, the tolls may recede, and still leave our revenue and consequent ability to pay, from that source, unimpaired.

I have discussed this subject, as will be seen, upon the theory that the plan of enlargement embraced in the Engineer's Report of 1863 and 1864, which included the Oswego and Erie canals, would be accepted; preferring rather to present the question as involving the largest expenditure deemed necessary by any competent authority. I am informed, however, by the present able State Engineer, and feel satisfied from this and other sources of

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information, that a suitable enlargement, with single locks of capacity for boats of five hundred tons burden, plain but substantial work, can be effected at a cost not exceeding $6,000,000.

There is, however, no authority under the Constitution to contract a further debt for an object of this character. It is presumed that the Legislature will provide for the meeting of a convention early in the present year to revise the Constitution, and this body will have power to modify the present financial article so as to permit a debt to be created to cover the cost of this improvement, if it shall be deemed meritorious and deserving public patronage and support. It is unquestionably the policy of the State to foster and expand, to meet every need, its system of improvements, which has contributed so largely to our public revenues and to our agricultural and commercial prosperity. We are not called upon to refer to the principles of mere comity to determine how much we should do to meet the demands of trade, which our geographical position imposes. No portion of our country can ask of us reasonable facilities which it is not even more our interest to grant. In this spirit, and with these views of duty as well as policy, the representatives of the people in the Legislature, and in the Convention, will doubtless meet, discuss and act upon this important question.

The grandest system of internal water communication in the world, connecting the great chain of lakes with tide-water, forming a more extended and complete inland water-course than is to be found in any country on the globe, will not suffer from our indifference, nor be permitted to fall short of the great objects of their foundation. We shall reach forward with the liberal and wise policy which the sources of our past power and progress inspire. It is not improbable that the time will come, when, through rapid and unbroken water communication by the northern lakes and the Hudson, equal to the demands of a vast and growing trade, a commercial union will be perfected between the Metropolis and the Mississippi river.

In this connection I invite your attention to the Hudson river improvement near Albany. There is every reason to believe that the commissioners in charge have performed their duty faithfully and with economy. Their annual statement indicates the necessity for a further appropriation.

I refer you to the report of the Canal Auditor for an able and clear statement of the business and needs of the Champlain, Che-

nango, Cayuga, Seneca, Black River, Genesee Valley, Chemung, Crooked Lake and Oneida Lake Canals, and the Oneida river improvement.

These public works open up to portions of the State, which abound in the staples of wealth, no more than just public accommodation; and their complete condition to perform the highest amount of business contemplated, will stimulate the development of the vast mining and lumber resources, and the agricultural and manufacturing interests of the sections which they reach.

In compliance with the requirements of the Constitution, I have thus presented such general views and recommendations as seem to me appropriate to our present condition, and conducive to the general welfare. Mutually seeking the public good, let us accept every responsibility which our respective positions impose.

REUBEN E. FENTON.

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State of New York.

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No. 2.

IN ASSEMBLY,

January 7, 1868.

STATE OF NEW YORK:

EXECUTIVE DEPARTMENT,
ALBANY, *January* 7, 1868.

To the Legislature:

Through the favor of Almighty God, the year which has just drawn to a close has been crowned with the blessings of peace and prosperity.

The great and diversified interests of our State impose duties of the utmost delicacy and responsibility upon the legislative department of the Government. The condition of our finances naturally presents itself as a leading subject of consideration, intimately connected as it is with our general affairs, and engrossing, as it should, a large measure of public attention.

The report of the Comptroller, which I commend to careful attention as an interesting and comprehensive document, shows the debt of the State September 30th, 1867, after deducting the balance of sinking funds unapplied, to be forty-four millions, one hundred and fourteen thousand, five hundred and ninety-two dollars and thirty-five cents.

There is a natural and just solicitude as to the ability of the State to sustain the burdens resting upon it, and in regard to the continued ease with which taxation has so far been borne. It is apprehended in some quarters that there are financial trials impending which will prove far more severe than any in the past. It seems to me that there is only required a prudent economy in all matters pertaining to the administration of Government, and a thorough revision of the whole tax and assessment system to vindicate a reasonable expectation of our continued prosperity. Our wealth and our resources are so vast that no reasoning founded

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upon our past condition during periods of great public indebtedness, is directly applicable now. Material wealth in every form has immensely increased. This is conspicuously true of New York, as it is of a great area over which new States are forming. As a fair measure of this advance, it will be seen that the New York city banks in November, 1860, as represented by their loans, conducted a business of one hundred and twenty-two millions of dollars, and at the same date in 1867, the volume of their loans was nearly two hundred and forty-eight millions of dollars, or more than double the business of 1860. Hardly less significant, if not in so great a ratio, is the advance in most departments of business and enterprise, as will be found by reference to the tables of commerce and tonnage; railroad and insurance capital; mercantile, manufacturing and mechanical employments, and the value of real and personal estate.

The amount to each person of our tax for 1866, paid to the General Government upon an approximate estimate, was, from internal revenue sources, $8.80; upon custom duties, $5.15; making a total of $13.95. Placing our population at four millions it would amount to the sum of fifty-five millions, eight hundred thousand dollars. The aggregate of State, county, town and city taxes, can hardly exceed this sum by ten millions of dollars. If the assessed valuation of taxable property was the true index of its real value, the burdens imposed might be regarded with great uneasiness, if not with just alarm. But no such disquietude has been felt at the centers of business; real property has maintained its prices; manufactures have prospered, and trade has been remunerative. According to the census of 1865, in an area of 28,297,142 acres of land embraced in the State, about 16,000,000 of acres are improved, and the value of the farms is placed at nine hundred and twenty millions, three hundred and forty-nine thousand, three hundred and thirty-one dollars; an increase of thirteen ten-hundredths per cent. in five years: and the valuation of farm stock, agricultural implements, furniture, and investments in manufactures, swells the amount to twenty-four hundred and seventy-three millions, three hundred and ninety-eight thousand, five hundred and forty-nine dollars. This enumeration does not include the amount invested in commerce, articles of personal adornment, and many other items of personal property: it is probable, however, they fully equal the value of those I have named. I think it is safe to assume that the aggregate valuation of the whole real and personal property of the State will not fall

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below forty-five hundred millions of dollars, as against sixteen hundred and sixty-four millions, one hundred and seven thousand, seven hundred and twenty-five dollars returned to the State Assessors, and upon which their equalization was based. Upon this statement of value, the whole aggregate of Federal, State and local taxes would be less than three per cent.

May we not take another view of the case and inquire whether that part of our population belonging to the productive class are able, from the annual profits of labor and enterprise, to sustain the estimate of one hundred and twenty millions of dollars taxation. The aggregate of our population, according to the census of 1865, referred to, was 3,831,777. Excluding from this number females, and males under twenty-five and over sixty years of age, as non-producers, we have left 742,166 persons. It is obvious, upon this theory, that these sustain the great burden of taxation, and that the average paid by each is about one hundred and fifty dollars; full one-half of which sum is for purposes within our own State. When it is understood that a large number of these seven hundred and forty-two thousand one hundred and sixty-six persons from their wealth, pay many times one hundred and fifty dollars, it follows that the remainder pay less, and so little, that the burden adjusted upon a real knowledge of the true value of the property each and all possessed, would be indeed light. It will be borne in mind also, that the amount will annually be diminished both from the extinguishment of debt and the increase of population and wealth.

It is an error, however, to suppose that females and minors contribute nothing to our practical resources as elements of productive wealth. It is to be remembered that all invested capital is productive to the community as well as to the party making the investment, and that a very large proportion of the wealth of the State is owned by females, by minors, and by citizens who have passed the limit of three score years. These, though not for the most part active laborers, are, through the investment of their property in the various departments of corporate enterprise, including railway and navigation companies, banking and manufacturing, and all other similar corporations, availing themselves constantly of the agency of others to advance our general interests and prosperity, and augment the wealth of the State. They pay a proportion of our State and National taxes upon the pro-

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perty thus invested, besides sharing the burdens common to us all, incident to the operation of the revenue laws.

The convergence of vast interests in New York, as the great commercial and financial center of the nation; our extensive operations, delicate as they are important, and the large share we are called upon to contribute to the support of the General Government, seem to justify more extended discussion.

In further considering the subject, it may not be profitable to discuss, or important to settle the question whether the rebellion could have been suppressed with less sacrifice than it has cost us. With a united North, none will doubt that it could have been. But the public debt is upon us, as the unavoidable result of the war; and notwithstanding its great burdens, we may yet congratulate ourselves that they are far short of the averted ruin of a divided country; and if we are called upon to deplore the disasters of the struggle, we may also rejoice in its compensations. Among these may be found its lessons of warning, its test of parties and their principles, its development of the patriotic endurance of our people, and the assurance it brings of the stability of our institutions.

A debt created in maintaining the perpetuity of our government and in defense of invaluable rights, is one which all honest men will agree must be paid. It is one for the payment of which we have all pledged our faith. It is our common interest to pay it. It is essential to the preservation of our public credit no less than to the maintenance of our personal, our State, and our National honor. There is hardly a man, woman or child that has not an interest in our public securities. There are three hundred and ninety millions in legal tenders and fractional currency, and nearly three hundred millions of bank notes secured by Government bonds. There are sixteen hundred national banks with four hundred and nineteen millions of capital, and five hundred and sixty millions on deposit, with their officers, stockholders and depositors. There are also State banks, individual bankers, trust, life, fire and marine insurance companies, with their numerous parties in interest, and to this add the savings banks, whose aggregate deposits in *this State alone* amount to one hundred and thirty-one millions of dollars, with over five hundred thousand depositors. All these institutions not only have directly more or less of Government securities, but all their debts and liabilities are payable in the legal tenders of the Government. Not to dwell on this

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vast array of individual and corporate interest in our public securities, it is enough to say that, it is a debt due from the Government which was saved, to the people who saved it. It is just, however, to the Government and the people alike, that this obligation should be discharged in such a manner as shall most conduce to the interest and the honor of both. The public should not be subjected to undue burdens by forcing the premature payment of the principal; nor should we fail to provide for the prompt payment of the interest and such a reduction of the principal as will not impair our productive energies. Such a forced payment is uncalled for by a prudent regard to the public faith or the public good; and as it requires continued heavy taxation, we may wisely forbear to apply such a test to the forbearance and patience of the people.

We have been thoroughly educated in the doctrine that every generation, so far as possible, should pay its own indebtedness. There are exceptions, however, to this correct rule; most prominent among them is the case before us, in which great trials have been endured and great sacrifices made, not only to protect the present rights of the people, but to perpetuate the blessings of good government. Weighed down by the derangements and devastations of the most formidable war known to history; for the benefit of the coming generations, as well as for the safety and security of the present, we require time for the renewal of our industry, to replenish our means, and to gather strength from reconstruction and increased population. It will be honor enough—when, in the not far distant future, from recuperated energies the burden will be lighter—to illume our history with the extinction of a public debt created in defense of our liberties. We are called upon, therefore, by every consideration of interest and of duty, to relieve labor from its oppressive burdens, and as most of the evils which the rebellion has entailed upon us center in taxation, to the solution of this problem the thoughtful consideration of all is invited.

Congress can, and doubtless will, in their good judgment, strike hundreds of items from the tax list which are more fruitful of annoyance than of revenue; and it should reduce and re-adjust the taxes so as to have them fall where they would be least felt, most readily paid, and most easily collected. With a judicious reduction and adjustment of taxes, wise retrenchment, and a firm and impartial enforcement of the revenue laws; with industry relieved and enter-

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prise encouraged, and the vast treasury of our natnral resources made tributary to our progress, we look to the future of the country with calm and assured confidence. Our national production has doubled in thirteen or fourteen years, and we may reasonably expect with taxes so reduced as not to impede national development, our power from production will be twice as great at the end of that period of time. At least, an estimate based on past conditions of growth, can hardly fail to be realized in the future.

The re-adjustment above suggested is the more essential in view of the high price of commodities and the low price of gold, which tend as stimulants to foreign importations. It is hardly to be expected, however, that we shall ever get back to the prices which prevailed prior to the rebellion. I need not advert to the causes further than to remark, that gold has depreciated or lost in its purchasing power from its greatly increased production within the last few years. In countries where a gold currency prevails, prices have steadily increased, and from the prospect and returns of the mines, this cause must inevitably continue to affect prices in a greater or less degree.

In regard to local taxes, I am convinced that our method of assessment is essentially defective. It cannot be doubted that a much nearer approximation to equal assessment could be attained if our laws provided for specific returns of all taxable property. No one can question that the personal property of individuals very largely escapes taxation. The personal property of this State in 1860, after deducting corporate property, left the amount assessed to individuals at about one hundred millions of dollars. This class of property in Georgia was assessed that year, after deducting the slave property at the estimated average value of four hundred dollars a slave, at two hundred and ninety-two millions; in Mississippi, at three hundred and thirty-three millions; and in South Carolina, at two hundred and sixty-two millions of dollars. In Ohio, for the year 1866, the amount was four hundred and six millions. The same year in this State the personal property indicated was about two hundred and thirty millions. How much of this was corporate property, in the States referred to for comparison, I am not informed, but it could not have been very considerable. Evidently the assessment is based on different principles, designed to produe a more just distribution of burden; for there can be no doubt but the personal property of individuals in this State is many times more than that held in the above named

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States. The existing laxity and inequality of assessment operates with severity and injustice upon real estate, and upon those who are taxed more nearly or entirely to the sum of their personal property. It is likewise evident that this defective assessment of personal property throws an undue and disproportionate share of the State tax upon counties where but a moderate amount of personal property is held. Real estate may be, and doubtless is, generally undervalued; but a uniform increase in its valuation, while reducing the percentage, will not affect the amount of tax, and it is apparent that it would be reduced by just so much as personal property is brought to light and made to bear its equitable share of the burden. If discrimination may be made, it should not be to the prejudice of real estate, because personal property costs the public more for its protection, and generally yields a larger proportionate profit. We have nothing to fear from unwillingness in the people to contribute fairly to a just distribution of taxation, but unequal as it is, the murmur of discontent may be expected. A burden which may easily be borne when distributed uniformly and equally, placed on the shoulders of a few, or upon the many with unjust discrimination, becomes oppressive.

The laws in several of the States require individuals to furnish returns of their property as the basis of valuation. The tax laws of Ohio are represented to me as working satisfactorily, and I believe the same experience has obtained in some of the eastern States. In this or some other and better form, a remedy should be provided for the imperfections of our existing system. I commend this important matter to your early consideration, and respectfully suggest, that if the difficulties incident to the question should seem to you to require it, it might be advisable to provide for a competent commission to investigate the subject, and report promptly to the Legislature such facts as they can collect, with such recommendations as may be deemed advisable, in view of the practical results of legislation in other States in aid of this general object. The end to be attained is one in which the entire community is deeply interested. Every class of our citizens recognize the necessity of reform, and all will cordially acquiesce in such legislation as will secure a fair and just equalization of the general burden. Every citizen will be content to do his part, if he can be assured that he is charged with no more than his own equitable and legitimate share.

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Canals and Canal Fund.

Balance in the treasury and invested, Oct. 1st, 1866	$4,884,634 12
Received during the year	5,681,329 02
	$10,565,963 14
Paid during the year	6,725,027 48
Leaving a balance, September 30, 1867, of	$3,840,935 66

Revenue during the fiscal year.

From tolls	$3,992,161 29
Rent of surplus water	1,165 00
Interest on current canal revenues	51,437 88
Miscellaneous receipts	5,593 62
	$4,050,357 79

Expenses.

To Canal Commissioners for repairs	$313,681 88	
To Contractors for repairs	691,033 52	
To Superintendents for repairs	70,162 51	
To Collectors, for salaries, clerk hire, pay of inspectors and expenses of collectors' offices	76,168 96	
To salaries chargeable to annual revenues, refunding tolls, printing and miscellaneous payments	69,145 78	
		1,220,192 65
Surplus revenues		$2,830,165 14

Surplus revenues, which have been transferred to the Sinking Funds, as follows:

Under article 7, section 1 of the Constitution	$1,700,000 00
Under article 7, section 2 of the Constitution	350,000 00
Under article 7, section 3 of the Constitution	780,165 14
	$2,830,165 14

Canal debt, paying interest on the 30th September, 1867:

	Principal.	Annual inter't.
Under article 7, section 1 of the Constitution	$3,247,900 00	$162,395 00
Under article 7, section 3 of the Constitution	10,775,000 00	646,250 00
Under article 7, section 12 of the Constitution	1,700,000 00	102,000 00
	$15,722,900 00	$910,645 00

The aggregate balances of the sinking funds, applicable to the canal debt at the close of the fiscal year, were $3,214,940.10. None of the stocks named in the foregoing table mature before October 1st, 1868, and then only $247,900. The department has purchased $2,443,700 of five and six per cent. unmatured canal stocks at a discount of $75,187.50, and redeemed $53,300 of stock overdue and not before presented for payment, making a total of $2,497,000 purchased and cancelled during the year. On the first

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day of October, 1868, the actual and estimated balances in the sinking funds will exceed $4,000,000, applicable to the payment of the principal of the canal debt. At the close of the fiscal year in 1860, the aggregate of this debt was $27,107,321 48
Present debt 15,722,900 00

Amount of reduction in seven years $11,384,421 48

Should the surplus of $4,000,000 be applied in October, 1868, the debt will be reduced to $11,722,900. Upon the basis of the average revenues of the canals during the last seven years, the whole will be fully extinguished in 1874; and the Canal and General Fund debt, now a lien upon the canal revenues, will be discharged in 1877.

The taxes levied and money appropriated for the improvement of the Champlain canal, according to the plan prescribed by the act of 1864, will not complete the work, and the further sum of $20,000, is required for that purpose, as now estimated. The enlargement of the remaining locks of this canal to the dimensions of those on the Erie, seems essential to its full measure of usefulness. The amount needed for such an improvement ought not to exceed $250,000. The importance and value of this branch of our system of public works will not be doubted; nor that the completion of such enlargement would more than meet the fair demands of production and enterprise, and ultimately repay the investment.

The Genesee Valley canal is one of the State works finally constructed under the present Constitution, and still retains its inalienable character. The revenues of this canal in good condition, it is believed, would be fully adequate for necessary repairs and maintenance, but its improvement will become a charge upon the public treasury. For several seasons, during the summer months, the deficiency of water on the summit level of this canal has impeded, and latterly wholly interrupted navigation near its southern terminus. If we continue to refuse the amount necessary to restore the canal to a navigable condition, it is equivalent to a declaration that the southern portion of the line may be abandoned. It is estimated by intelligent authority that the difference of tolls arising from a judicious expenditure on this canal, would pay six per cent. on $250,000. If this be true, our pecuniary interests will not be impaired, while our good faith

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will be maintained, in granting the aid needed to restore to use this public work.

Upon the extension of the Chenango canal, the sum of $842,146.00 has been expended, and the work is still unfinished. The appropriation has been exhausted, and the work upon it has been stopped. The deliberations of the Constitutional Convention do not warrant the belief that, in an amended Constitution, the creation of a debt for canal purposes will be authorized. Our experience derived from the history of our public works, is adverse to the economy, to say the least, of a temporary suspension in their prosecution. Assuming that it is just to public expectation, and advantageous to the public interests to complete this work in the not far distant future, I respectfully invite your attention to the consideration of the question whether it may not be well to proceed with the work without further delay.

The other canals of the State are in a fair and prosperous condition, and by their contributions to the public wealth and business, justify the policy that has inaugurated, maintained and extended these great avenues of inland commerce. The constantly augmenting productions of the great west; the iron, coal and lumber trade; together with freight from other sources of development, which attain with each returning year still greater proportions, give increased support to our public works, and incite to yet further advance in perfecting the facilities for internal transportation. For detailed statements as to their particular condition and needs, I respectfully refer you to the report of the Canal Commissioners and the Canal Auditor.

CLAIMS AGAINST THE GENERAL GOVERNMENT.

The settlement of the unadjusted accounts between the State and the United States, has been urged as rapidly as their complicated nature would permit. Of that portion for war expenses, amounting to $1,529,345.18, which had been suspended, and which was unadjusted at the date of my last annual message, the sum of $879,058.22 has been allowed and passed to the credit of the State, leaving $650,286.96, which is now in the course of settlement, but under existing regulations, subject to technical objections which involve some delay. I have also caused to be presented the claim arising under chapters three hundred and ninety-seven and four hundred and twenty-one of the Laws of 1862,

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amounting to $281,845.86, which, with the preceding sum, will nearly balance the amount advanced by the United States, including the direct tax; the difference being only $2,842.72. The value of the clothing and equipage retained and issued to the National Guard of the State, has not been ascertained, but under the present orders of the War Department, there can be no doubt of an early adjustment of this portion of our account upon an equitable basis. In addition to the foregoing accounts, are several of comparatively small amounts, created by authority of acts of the Legislature in 1862, 1864 and 1865, and which, as soon as prepared, will be embraced in the schedules for payment. The State has taken the initiatory measures to secure a final and complete settlement, by the appointment of commissioners, under the provisions of chapter three hundred and fifty-seven, Laws of 1867, and it is to be hoped that Congress will speedily authorize the appointment of a similar commission, on the part of the United States, clothed with full power to allow all equitable claims. Every proper effort should be made to this end, and when fully accomplished, there will be cause for congratulation, that the State has emerged from the great conflict with so little direct burden for ordinary military expenses.

MILITARY DEPARTMENTS.

The National Guard of the State has improved during the past year in organization, discipline and practice. It has been my pride, hardly less than my duty, to promote such a condition of our military force that, in ordinary periods, it might inspire general confidence, and in emergencies to which a great State is subject, its power could be displayed with advantage and honor.

In a State so strong in its varied elements of power, so rich in means and resources, with a population so sensitive to social and commercial revulsions, and a frontier so extended and exposed to the inroads and invasions incident to war, the importance of maintaining a thorough and sufficient military establishment can hardly admit of debate. It assumes the dignity and importance of a co-ordinate branch of the civil government, and as such, is entitled to liberal recognition and support. A free government, however perfect its constitution and laws, cannot safely dispense with a well organized militia. It is a safeguard and protection from those extraordinary outbreaks which occasionally threaten to disturb the peace of society, and the security of property; and when

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occasion requires, it may always be relied upon to aid in the enforcement of law and the maintenance of order. It may be regarded as the power in reserve for the preservation, in great exigencies, of the rights of the citizen and the safety of the State. It will be conceded that there should be at all times a good organization of volunteers, well armed, equipped and uniformed at the public cost, practiced and disciplined to the best attainable extent in peace, and ready for any emergency that shall call them to arms. It seems to me, however, that we should undertake to maintain only so large a force as may be placed on a complete war footing and trust for its increase, from time to time, to our advance in population, enterprise and prosperity. I therefore respectfully recommend the reduction of the present minimum of the National Guard to a number that can be fully equipped, thoroughly disciplined and qualified for active duty.

I submit for your consideration also the propriety of authorizing encampments of the militia in various sections of the State during the coming season. Such a measure would tend to incite a spirit of generous emulation, productive of improvement in the drill and discipline of our arms-bearing population. Assembled in large bodies; subjected to rigid inspection; and schooled in the routine of military duty, the men become, in some degree, inured to the exposures and hardships of the more severe service of the field.

The present numerical strength of the National Guard is about forty-five thousand officers and men. For a detailed account of the condition of the military forces of the State, I refer you to the report of the Adjutant-General, which will soon be transmitted for your consideration.

The other military departments of the State afford evidence of the progress common to every branch of our militia system. The duties of the officers of my staff have been performed with intelligence and fidelity; and in all projects of reform within the province of their respective departments, they have uniformly given zealous and efficient co-operation. Their several reports showing the business of the bureaus under their supervision, will be duly submitted for your information.

SOLDIERS' AGENCY AND HOME.

Incident to the close of our late war, are certain appeals for aid which enlist the higher sentiments of our nature, and command

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hearty and general appreciation. Prominent among these are the collection and preservation of the evidences of the patriotism of our State; of the endurance and valor of those of her sons who participated in that great struggle; and of the leading historical incidents of this memorable period of our history. To extend to the widows and orphans of those who died for their country every facility in the preparation and prosecution of their claims on the General Government, and the prompt and economical collection of the amounts due them, is a duty we have cheerfully recognized and faithfully endeavored to discharge. It is, however, a continuing obligation, and the work is not fully performed. Then there are those with wounds received amid the shock of arms, who still have needs that our sense of justice and gratitude will neither deny nor ignore. Many are incapacitated from competition in the market of unskilled labor, whose years and previous training unfit for higher employments. The character and extent of the provisions yet made by the General Government for this class are inadequate to their condition and wants; and I feel assured that it is only necessary to refer to them, and to the origin and extent of their disabilities, to secure the most thoughtful consideration on your part, and the most ample provision for their comfort.

From the report of the Chief of the Bureau of Military Statistics, it will be seen that the labor of preserving and arranging the memorials and historical narratives, has been continued. Very much of interest and value has been added during the year. The sum of ten thousand, nine hundred and seventeen dollars and eighty-one cents has been received for the "Hall of Military Record" since the last report; making the whole sum for that purpose up to the present time thirty-six thousand, two hundred and eighty-eight dollars and ninety-six cents.

The work has already been commenced on the new capitol under favorable promise of early completion, and I venture to renew the suggestion made in my last annual message that a suitable room, both as to arrangement, safety and location, may be provided in that building for the purpose I have indicated, without increased public expenditure or inconvenience to other public interests. In view of the fact that hardly one-half of the amount contemplated by law, has been raised for the "Record Hall," and that it is not probable that the balance will be fully paid in, it has seemed to me that the funds thus far donated for that purpose could very properly be used in founding a permanent soldiers'

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home for disabled men of our volunteer forces. This would not be such a departure from the original object as to disappoint the purpose of those who contributed to the fund; on the contrary, it would meet their hearty and earnest approval. It is presumed that the generosity of the citizens of Albany, who placed at the disposal of the State a suitable lot for the proposed hall, would find equally liberal expression in any arrangement for the permanent location of the home in the buildings now used for that purpose.

The military agencies at Washington and Albany, have met with great success in their beneficent work. Over six hundred and sixty-five thousand dollars have been collected since January 1st, 1867; more than forty thousand letters have been written, and there are now in the agencies, pending action at the departments in Washington, over eighteen thousand claims, involving at least two millions of dollars. I think it not too much to say that no public trust, requiring so much detailed labor, has been administered with more economy, nor is there any charity with stronger claims, or more appropriately under the care of the State.

There are at present in the "Soldiers' Home" two hundred and seventy-nine inmates. Of these one hundred and one have lost one or more limbs; seventy-five have been otherwise mutilated, and the remainder are in the hospital for treatment or disabled from sickness. During the summer months some of these men obtained light employment, and for a time supported themselves; but on the approach of winter, both because of a decreased demand for such labor, and their inability to withstand the severity of the season, many of them have returned to the institution. A large number enter the Home for temporary assistance required by re-opening wounds or recurring sickness. In health, by the aid of a pension, they can maintain themselves, and it is only when compelled from these causes that the shelter of the Home is required. During the first year, nearly three-fourths of the admissions were of this character, and during the past year about the same proportion have been received. This large class, by far the most numerous, and alike entitled to consideration, are not within the requirements for admission into the United States Home, which receives only those who are permanently disabled. Something more should be done by us. It is probable that an arrangement could be made with the United States authorities for the support of those entirely disabled, in a home within our own State and

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under our supervision and control. My observation leads to the opinion that the soldier leaves his own State, however pleasant and generous the retreat within another may be, with extreme reluctance. It was a patriotic duty to accept the trials of war, but it is hard, after the war is over, to separate these suffering and maimed defenders so widely from home and friends, and to remove them from the State whose safety and peace have been secured by their unfaltering courage and devotion. I do not over-estimate the pride and the gratitude of the people of New York, in assuming your readiness as their representatives to meet the utmost requirements of these most deserving men. It is therefore scarcely necessary to recommend that an appropriation be made for the establishment of a permanent Home. Should the Legislature, however, not concur in these views, I respectfully ask that provision be made to continue the present arrangement until such time as the transfer of the wholly disabled to the United States homes can be effected, and until the partially disabled are in such condition as to justify their return to their families, neighbors or friends.

PUBLIC CHARITIES.

A liberal and humane policy in relieving the subjects of misfortune and affliction has prevailed in this State from an early period in our history. Through legislative action and the various channels of private benevolence, the means and facilities have constantly been multiplying for providing for the wants of the hapless and destitute in all the departments of public charity. It no sooner became apparent that the provision for the protection and treatment of the insane at the Utica asylum was inadequate, than measures were taken to provide the needed accommodations. Two other institutions were projected and are now in process of construction: the Willard Asylum at Ovid, and the Hudson River Asylum at Poughkeepsie. The central portion and one wing of the former are nearly finished, and it may be opened for the reception of patients during the present year. The commissioners in charge seem to have shown a wise regard for economy in prosecuting the work by using materials found on the lands appropriated by the State, and avoiding the needless and improvident expenditures which too often augment the cost of structures erected under State authority. The trustees of the Hudson River Asylum have adopted well conceived plans for the buildings, and are now engaged in the earnest and faithful discharge of their duties. The

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necessity which called for this extension of the benevolent care of the State over this class of her helpless children, will continue with increasing force until these additional institutions are opened for the reception of patients. I would therefore recommend such action as will lead to their early completion, as a matter of wisdom as well as humanity.

The officers of the asylum at Utica report the general operations of that institution for the past year as follows:

Under treatment at the commencement of the year	641
Received during the year	401
Whole number treated	1042
Discharged during the year	159
Discharged improved during the year	58
Discharged unimproved during the year	164
Discharged as not insane during the year	7
Died during the year	51

The commissioners intrusted with the construction of buildings for the blind at Batavia have made successful progress, but will require an additional appropriation to complete the tasteful and well-arranged structure now in course of construction. They have manifested commendable regard for the interests of the State; and in the prosecution of the enterprise have displayed marked intelligence, zeal, and fidelity.

The Board of Trustees suggest that the number and needs of this class of unfortunate persons are such as to call for two institutions of this character. Should this view obtain, your attention is respectfully directed to their earnest recommendation for the purchase of the building at Binghamton, already selected and prepared for the temporary use of the blind.

In pursuance of an act of the last Legislature, the trustees of the Inebriate Asylum at Binghamton have conveyed the asylum property to the State. The board have continued in the discharge of their duties, and I am informed the asylum is now in successful operation. Questions relating to the change of title, and the necessity of a modified system of regulations, will doubtless be discussed in the report of the trustees.

The institutions already in operation for the treatment of the blind, the deaf and dumb, and the idiotic, and those of a reformatory character are fulfilling the just expectations of the State, and producing the beneficent results contemplated; and this is apparently true of those founded by private munificence as well as those established and maintained by public authority.

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The last Legislature devolved upon me the duty of appointing a board with the power of visitation and supervision over all public charities. Gentlemen of culture and experience were selected for this important trust. Owing, however, to the probable changes affecting this class of interests through the provisions of a new constitution, they have not yet proceeded to make a thorough investigation of possible abuses, nor completed the plans they are engaged in maturing for the purpose of reforming existing defects, and ensuring better discipline in these charitable agencies. It is nevertheless true, that much valuable information has been elicited, and their report will have an interest commensurate with the importance of the subject.

It will be conceded that a system involving so large an expenditure of public money, embracing all classes of the destitute, the afflicted and the depraved, should be perfected as far as possible; and it is believed that the labors of a commission so intelligent and competent, will lead to reforms which will diminish the expense of maintaining these institutions, and render them still more effective as agencies of public charity.

Your attention is invited to the interesting report of Mr. John Jay, the special commissioner appointed by me to represent the State in the board of the Antietam Cemetery. The cemetery was originally founded by the Legislature of Maryland as a State enterprise, for the interment of all who fell in the battle of Antietam, or during the first invasion of Lee. By a subsequent law of Maryland, it was converted into a National cemetery for the same purpose, to be governed by a board of trustees, representing the States whose dead should be interred therein, and who should join in its establishment.

Besides New York, the States of New Jersey, Minnesota, Maine, Rhode Island, Pennsylvania, Wisconsin, West Virginia, Massachusetts, Ohio, Indiana, Vermont and Michigan have joined the association and made appropriations for its support. New York has a larger interest than any of these States in this cemetery, from the greater proportion of her sons who fell in the battle. Of thirty-one officers and two thousand four hundred and sixty-two private soldiers whose remains had been identified and interred up to the 23d of May last, nine officers and seven hundred and thirty-six soldiers were from New York, and this number has since been increased, the total burials in November last being reported at four thousand six hundred and seventy-five. A very clear and

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satisfactory account is given by the Commissioner of the care with which the interments have been conducted, with a view to the identification of each particular grave, and of the substantial character of the improvements on the cemetery grounds, and the prudence and judgment with which the funds have been applied. The appropriation by this State of ten thousand dollars will cover its share of the entire cost of completing the cemetery and all the proposed improvements. It yet remains to provide for head stones, with a brief inscription, for the grave of each soldier, and a pro rata contribution toward the monumental statue of a Union soldier keeping guard over the dead, which the trustees propose to erect at an expense of thirty thousand dollars.

STATE PRISONS.

It appears from the report of the inspectors, that there were twenty-nine hundred and twenty inmates in the State prisons on the thirtieth of September last. The management of the prisons has given general satisfaction, and the financial results are more favorable than I had at one time apprehended. It is true that the expenditures have been about one hundred and seventy thousand dollars over the receipts; but the causes which have produced this result are clearly and satisfactorily explained in the annual statement of the inspectors. While it is desirable that the receipts should be at least equal to the expenses, this cannot properly be regarded as the primary object, nor even as one of the most essential requirements of these institutions. The regulation of the mode and degree of punishment, the safe keeping of the convicts, the maintenance of prison discipline, and the adaptation of the means employed for the reformation of the criminals, are matters of even greater importance than a fiscal balance in our favor on the prison ledger. It seems possible, however, to promote this end without drawing, under ordinary circumstances, upon the public treasury. The most favorable results from the industry of convicts have been attained at the Dannemora prison, where the inmates are employed directly by the agents of the State. It is the judgment of the inspectors, in which I am inclined to concur, that the extension of this system to our other prisons would be attended with advantage to the convicts and profit to the State.

The records of the prisons show an improved state of discipline, resulting, doubtless, from more strict administration, and the incentives to good conduct held out to the convicts under the authority

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of a recent act of the Legislature, allowing them to earn certain deductions from the period of imprisonment, by the careful observance of prison regulations.

It is not improbable that some modification of our prison system will be recommended by the Convention for the revision of the Constitution, and hence I forbear to enter more largely upon the discussion of this branch of the public interests. The whole subject of our prison administration; the punishment and reformation of criminals; and the exercise of the pardoning power, is worthy of grave and thoughtful consideration. Much has already been accomplished, but much more remains to be done in perfecting reforms which seem to be attainable through well guarded and enlightened legislation.

QUARANTINE—PUBLIC HEALTH—HARBOR OF NEW YORK.

The number of alien immigrants who arrived at the port of New York during the past year was two hundred and forty-two thousand, seven hundred and thirty-eight, being nine thousand three hundred and twenty in excess of last year. Immigration is one of the sources of the wealth of our country, and an essential element of its progress and power. It is estimated that during the last twenty years about four millions of immigrants have arrived at the port of New York alone, and we may safely assume that these accessions, together with their natural increase, amount at present to eight millions, or nearly one-fourth of our entire population. While it is true that our cheap and fertile lands, our profitable pursuits, and our free institutions invite them hither, it is also true that commerce and industry generally follow the march of the immigrant. A glance at the rapid growth of our northwestern States and of some of our northern cities plainly discloses the influence of this cause upon our general prosperity.

Our recent civil war has removed the obstacles which tended to discourage the immigrant from settling in the southern portion of our country, but which will now claim to participate in this agency so important to its early recovery from the devastations of war, and the degradation of labor consequent upon the long prevalence of slavery. The commissioners of emigration deem it a privilege to extend a hearty welcome to the new comers, and direct their footsteps to these inviting fields of industry and profit. It will be regarded as a duty we owe alike to our institutions and to the emigrant whom we invite to our shores, to encourage and foster

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a wise distribution over our country of these inflowing elements of National wealth and progress.

The fund under the control of the commissioners is created by a per-capita tax of $2.50 for each alien, which is devoted mainly to the support of the sick and indigent upon their arrival at the port, and in maintaining suitable agencies to carry out the humane purposes of the law establishing the board. The landing depot at Castle Garden has been improved, the facilities for landing purposes increased, and new appliances added for the comfort and security of the immigrant. From the fund thus obtained, large and beautiful hospital buildings have been erected on Ward's Island, where the unfortunate and afflicted are kindly cared for, and prepared for the new associations and the active affairs of the land of their adoption.

The improved sanitary condition of the Metropolitan district during the past year, and the decrease in the mortality of the cities of New York and Brooklyn, are important and gratifying.

This district, the centre of American commerce and the entrepot of foreign immigration, though almost constantly threatened during the past season, has been secured from the ravages of epidemic disease; and the business and commercial interests of the State have suffered no interruption. The success of these efforts has justified the demand of an enlightened public, for intelligent and scientific administration of the health laws in the most populous portion of the State. It will be readily understood that our extensive commerce with nearly all parts of the world, and the vast and steadily increasing immigration to our shores from Europe, are constant sources of danger to the health and lives of our citizens from the importation of contagious and infectious diseases. From statistics furnished me by the Health Officer, it appears that since the first day of January last, one hundred and forty-eight vessels have been placed under quarantine. In addition, over two hundred vessels came from ports known to be infected with yellow fever, and these were required by law as well as by common prudence, to be detained a sufficient time to determine whether they were free from disease. The danger to which we are exposed, and the disaster that would be likely to follow from inefficient or incompetent administration of our quarantine and health laws, are not lightly to be estimated.

The hospital authorized to be erected on West Bank, under the act of 1866, has so far progressed that its final and successful

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completion is promised early the coming season. This, it is believed, will meet one of the great needs of the sanitary authorities, but they will still be without warehouses for infected goods, proper facilities for well passengers detained under quarantine, or a suitable landing and boarding station. The duty of the General Government to provide such warehouses is generally conceded, and I am not without hope that Congress will yet take measures to this end.

Provision was made by the act of April last, for the temporary occupation of Barren Island, as a place for the detention of well passengers under quarantine, and for a permanent station on Coney Island. A site for the latter was selected by a board of officers charged with that duty, but the commissioners have been restrained by injunction from taking possession. The law authorized the selection of a suitable site on the west end of the island. It was deemed proper that it should embrace a sufficient area to secure complete isolation, and thus avoid any possible danger from its use for quarantine purposes, but I am advised that the court has decided that the powers of the board were limited, and that they had no right to take the question of isolation into consideration. The effect of the decision has been to render that portion of the act inoperative, and your attention is respectfully directed to the question whether there should be further legislation to promote the original object.

The Police, Fire and Central Park Commissioners have continued to discharge their important functions to the satisfaction of the people of the State, and in a manner especially acceptable to the communities more immediately affected by their action.

An act was passed by the Legislature in 1865 to authorize the erection of warehouses and docks in the port of New York, for quarantine purposes. These docks and warehouses were designed to facilitate the discharge of cargoes from vessels not infected with disease, although subject to detention by reason of exposure on the voyage, or in ports from which they sailed. At present such vessels are relieved of their cargoes by lighters, at some point in the bay considerably removed from the main land. It was supposed that the projected warehouses could be erected in the bay, not less than one and a half miles from shore, and a restriction to that effect is contained in the act referred to.

By the same act the Governor was authorized to appoint commissioners to confer with the authorities of the State of New Jersey, relative to the insufficiency of the quarantine regulations with that

State, applicable to the waters, and land under water, within her jurisdiction. It has been ascertained that a suitable site cannot be found, except on lands under water, the proprietary right to which is ceded to New Jersey by the compact made with that State in 1834. The commissioners appointed have endeavored to obtain the grant, and the Legislature of that State, by joint resolutions passed in April last, designated commissioners to confer with them on the subject. The result of their conference, I am assured, will be communicated to the Legislatures of both States in time for action during the present winter.

In connection with this subject, my attention has also been called to a prosecution instituted by the late Attorney-General, in the name of the people, against the New Jersey Central Railroad Company, to prevent the construction by that company, of docks and piers projecting from the New Jersey shore far out into the bay of New York. A large area of the bay, comprising many hundreds of acres, is included within these structures. The compact between the States expressly secured to New York exclusive jurisdiction over these waters to low water mark on the New Jersey shore, but subject to the right of the latter State to construct wharves and docks. It is claimed by New Jersey that the provisions of the compact authorizing such construction, by legal implication, permit their extension and filling in with earth beyond low water mark, so far as may be found convenient for commercial purposes. It is sought on this ground to justify the erection by the New Jersey Central Railroad Company, of structures extending a mile into the bay, under grants obtained from that State. If these encroachments on the bay are continued, they will seriously interfere with the use of the harbor and the convenience of general commerce; and if they are in violation of the territorial rights of New York, this constitutes an additional and conclusive reason for restraining them. In either view, it is obvious that wharf lines on both shores of the harbor should be established, beyond which docks should not be extended. With my sanction, the commissioners appointed presented the subject to the agents on the part of New Jersey. It is hoped that a satisfactory arrangement will be agreed upon and submitted to you at an early day.

The questions involved are of the greatest importance. The foreign and domestic trade, at the port of New York, is of immense magnitude, and that city is already the rival of the leading seaports of the old world. In the hope that interests so vast may

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be further promoted, I think it desirable to continue the commission.

The whole subject, relating to obstructions of the harbor, and a more commodious and complete system of wharves and piers, is of grave public importance, and I respectfully commend it to your careful consideration.

SPECIAL LEGISLATION.

In my last annual message, I alluded to the importance of strict adherence to the policy indicated in the first section of the eighth article of the Constitution, which provides that corporations may be formed under general laws, "but shall not be created by special act, except for municipal purposes and in cases where, in the judgment of the Legislature, the objects of the corporation cannot be attained under general laws." Acting in the spirit of this provision, the Legislature, from time to time, framed laws of general scope and application, almost wholly removing the necessity for special charters. It seems to me that this regulation should be strictly observed; and that exceptions should be admitted only in cases of extreme hardship, and when the public good clearly justifies a departure from the general rule. The pressure of private interests has led to its disregard, and we have seen individuals and associations obtain by inconsiderate legislative grants, unnecessary and extraordinary special privileges and powers. In a period of vast transactions and great commercial activity, competition in every department of enterprise finds increased stimulus, and you doubtless will be frequently invoked to advance schemes which promise individual advantages and the promotion of objects seemingly meritorious.

The danger lies in the tendency to give projects for private advantage and gain an undue prominence, to the prejudice of the vast public trusts committed to your special and immediate supervision. The last Legislature passed more than one thousand bills, of which nine hundred and seventy-four received my approval, covering twenty-six hundred printed pages. Of this number, one hundred and twelve only were of a general public character, while three hundred and thirty-seven related exclusively to private interests, and five hundred and twenty-five had merely a local bearing. If it is considered that the work of preparing, examining and maturing these measures was compressed into a period of less than four months, it will be apparent that a great proportion of

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the bills must have been passed without careful examination and a deliberate consideration of their provisions and legal effect.

More than one-half of these bills were enacted during the last ten days of the session, and notwithstanding close application on my part, in the discharge of the duty devolving upon me, four hundred and ninety-four did not receive my approval until after the adjournment of the Legislature. This is not wholly an exceptional case. With my immediate predecessor, two hundred and eighty-one bills the first year of his term, and two hundred and forty the second year, were acted upon after the close of the session, and obviously from the same cause. It cannot be doubted that a firm adherence to the policy indicated in the Constitution would tend to more careful legislation, and a great reduction in the number of the laws. It is a significant fact, that the French House of Deputies, during its last session, of more than five months duration, enacted only one hundred and thirty-five laws. The Parliament of Great Britain, during the years 1865 and 1866, enacted but three hundred and ninety-six; and the 38th and 39th Congress of the United States, embracing a period of four years, enacted only three hundred and twenty eight laws, including those of a private and public character. This comparison gives support to the prevalent opinion that we not only legislate too much, but that a portion of the measures over which the Legislature exercises jurisdiction are imperfectly considered, uncalled for, and lead to embarassment and confusion.

Entrusted by the Constitution with the authority to impose taxes for public purposes, and charged with the duty of restricting the powers of municipal corporations to contract debts, the obligation resting upon you is alike delicate, arduous and responsible. A large portion of the tax borne by the people is the outgrowth of the recent war, the exigencies of which justified the assent of the Legislature to the large burdens assumed by the State and by localities. But the war has passed, and every consideration of policy, patriotism and interest, points to the necessity of a prudent husbandry of the public resources, and a careful avoidance of all experimental legislation for mere private or corporate ends.

EDUCATION.

There are probably few among us who, even amid the pressure of the active affairs of life, fail to recognize the importance and magnitude of our system of popular education. Our people have acted upon the theory that the extension to every class and condi-

tion of society, of the means of early education, and facilities for the acquisition of knowledge in after life, contributes to the prevention of crime, the preservation of social order, the security and stability of the government, and the thrift and prosperity of all who are engaged in the various departments of industry. Our legislation has been based on this liberal and enlightened policy, and the practical result is that our schools are open to the children, even of the poor and the homeless. We have been steadily extending the facilities for instruction in the higher departments. The State has generously and wisely given aid, from time to time, to institutions struggling to rise under the disadvantage of a feeble endowment or a limited patronage. The revenue of a permanent fund, wisely established for the development of the sciences, has been liberally dispensed, and there is reason to believe that our system of education, as a whole, is meeting the just expectations of the people.

The following summary is gathered from the records of the department of Public Instruction, and from the interesting report of the Superintendent:

For the support of Common Schools—	
Public moneys, including three-quarters mill tax	$1,403,163 84
Voluntary local taxation in the school districts	5,591,871 06
Rate bills	743,306 72
Other sources	1,134,890 74
Expenses during the year—	
Teachers' wages	4,881,447 53
Libraries	24,414 86
School apparatus	211,637 82
Building and repairs of school houses	1,712,523 36
Miscellaneous and incidental	850,884 73
Balance reported on hand	1,192,324 06
Total number of children and youth between the ages of five and twenty-one years	1,372,853
Number of children between the ages of six and seventeen years	943,699
Number of children of school age who have attended the public schools during some portion of the year	947,162
Teachers employed in public schools for twenty-eight weeks or more	15,606
Number of male teachers	5,263
do female teachers	21,218
do school districts	11,724
do school houses	11,580
Aggregate number of weeks	357,137
Volumes in district libraries	1,113,147
Number of pupil teachers attending the three Normal schools	689
Teachers instructed in teachers' institutes	9,682
Teachers in teachers' classes in academies	1,373
Amount of money to be apportioned for the support of common schools for the current fiscal year	$2,400,134 65

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The report further shows that the number of children and youth in daily attendance at the public schools is 30.62 per cent. of the entire number between five and twenty-one years of age, or 44.54 per cent. of the whole number of children between six and seventeen.

In my last annual message, I expressed the opinion that the propositions for the location of normal and training schools in the villages of Fredonia, Brockport, Cortland and Potsdam, would be carried into full effect at the earliest practicable period. That opinion has been confirmed. The erection of the buildings has been vigorously prosecuted, and when they are finished and furnished, with the grounds upon which they are located, the value cannot be less than four hundred thousand dollars. The schools at Fredonia and Cortland will be open for the reception of pupils during the ensuing summer or early autumn. The main part of the building at Brockport is completed and occupied for a normal school, which is in successful operation. The Oswego and Albany normal schools are reported to be in a prosperous condition, each numbering as many pupil teachers as can well be provided with instruction.

The establishment of two additional normal schools has been authorized by law, one at Buffalo and one at Geneseo. The liberality and public spirit of the people of these places will not fail to consummate an enterprise of so much local and general importance. I am informed by the Superintendent of Public Instruction, that the law of last winter, which abolished rate bills and charges, though it has been in operation only since the first of October last, is producing a very large increase of the aggregate number of pupils at the schools, and greater regularity in their attendance. It is believed that the additional tax imposed by that law, will equal the amount of money which has heretofore been raised by rate bills. It has the effect, as will be seen, to decrease local or school district taxation, by so much as it increases the general State tax. It simply transfers the burden from the few to the many; from those with limited means, but possibly with large families, to the aggregate property of the commonwealth. An examination of the assessed valuation of taxable property in the several school districts of the State, will show that even for the support of inferior schools the percentage of taxation in certain districts often largely exceeds that in neighboring districts in which there are superior schools, and the same or a greater num-

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ber of children of school age. Conceding that the education of the people is a matter of common concern, to which each one should contribute according to his pecuniary ability, the justice of reducing this local district taxation by the general State tax for the support of schools, is apparent. Even should the support of free schools require an increase of this tax, I should still concur in the opinion "that in promoting the great interest of moral and intellectual cultivation, there can be no prodigality in the application of the public treasure."

In all our cities, and in most of our large villages, the education of youth is provided for by special acts, giving enlarged powers to the local authorities, or creating boards with exclusive control of the schools. They are generally well managed, and it is believed that our schools in the city, as well as in the country, have advanced the character of our population above that of any other people. If it is true, however, as asserted, that poverty, crime and ignorance, still largely prevail in our most populous cities, the result, in part at least, of neglect to educate all the young, should we not extend and improve our schools and bring every child within their influence? In some of our cities, and especially in New York and Brooklyn, the school accommodations are insufficient, and thousands of children are unable to gain admission. The provision for higher classes and more advanced pupils, is not deficient, but the rooms for primary scholars are overcrowded. It is probable that the city authorities have power to correct this defect, but if otherwise, I feel confident that the Legislature will apply the appropriate remedy.

The Cornell University has been developed quietly and effectively during the past year. One large and substantial edifice in stone has been completed, and another is being pushed rapidly forward. A large number of professors have been chosen, and all the preparation for opening the university has so far advanced as to induce the trustees to announce that students will be received in September next. The law granting to this university the proceeds of the land grant of Congress, continued in force, will form a noble endowment, and place the institution upon a foundation which cannot fail to give it prosperity and permanence. It can hardly be doubted that the original intention of the act to promote agriculture and the mechanic arts will receive, in the progress of this university, its highest fulfillment. Combining the greatest scientific, literary and practical advantages, with a large number of

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free scholarships open to competition in all the Assembly districts of the State, and somewhat connected as it is with our common school system, it seems well worthy of the fostering care of the Legislature, and of the confidence of the people of the State.

I would also call your attention to the State Cabinet of Geology and Natural History, and the importance of keeping up its collections, and of completing the publications connected with the Natural History of the State, which have proved important auxiliaries in the progress of geological science. These works are cited as standard authority in all parts of the civilized world. Our collections have been largely increased during the past year in many of the departments, and perhaps in no other State are the results of scientific research more diligently sought or more carefully preserved. Our material interests are so intimately connected with the advance of science in every department of investigation, that I do not hesitate to commend it to further recognition and support.

The report of the Regents of the University presents the condition of the colleges and academies of the State as highly prosperous. Among the interesting suggestions contained in their statement, is that which relates to the growing munificence of individual citizens in the permanent endowment of the higher institutions of learning. It is stated, however, that instances have occurred in which parties wishing to set aside funds for educational purposes, have been at a loss how to secure their permanent application to the end in view. While the State provides free instruction for all in the elements of knowledge, it may properly encourage individual liberality, by providing whatever is needed in legislation for the protection of gifts and bequests to colleges and academies incorporated by the State, and subject to its general supervision.

STATE AND NATIONAL INTERESTS.

The predictions of disaster to the country from the emancipation of four millions of slaves, have been most signally falsified by the event. They have exercised the rights of freemen; and as they before proved themselves brave and trusty soldiers, they have now shown themselves faithful and willing laborers, and peaceful and law-abiding citizens. They have diligently tilled the fields which others owned, for wages hardly adequate to the support of human life, and they have submitted patiently to the wrongs which others were too ready to inflict. Availing themselves of the means of education wherever the efforts of humanity in their behalf have

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not been repressed by violence, they have vindicated the wisdom and justice of Congress, in admitting them to share with their late masters, in the exercise of the freeman's right of suffrage.

The propriety of this measure, like that of enrolling them in our armies during the war, became in the public mind too obvious to be postponed; it was, however, the occasion of earnest solicitude to many good and loyal men. It is no doubt desirable that those who exercise the elective franchise under a democratic form of government, should be educated and intelligent; but if the right of suffrage was restricted by such a standard, it would not tend to the extension of these advantages, or to the elevation of the humbler orders of the community. It cannot be doubted that most of the privileged class thus created, would be content to retain undiminished the power deposited in their hands; and few of them would care to raise those below them to equality of political rights. One of the leading merits of our system of representation, is its tendency to secure the benefit of just and equal laws; to interest every citizen in the general welfare and prosperity; extend to all the means of education, and to hold out inducements to honorable exertion and the prospect of advancement. But still more important than the qualification of intelligence and education is that of loyal allegiance to the government; and a condition of things existed at the south which made this a vital consideration.

It is conceded that, at the fall of the Confederacy, the States which composed it were "deprived of all civil governments." They were disorganized communities, and while they failed to escape from their obligations by destroying the Union, they succeeded in renouncing their political rights under the Constitution, and in destroying their local state organizations. The President, doubtless, had authority to hold them under military rule until provision could be made for their reorganization under the authority of public law; but he had no right to institute civil government for the insurgent States. He had no power to enact or to repeal an act of Congress. Clearly these were questions for the law-making power of the Government; and to be determined, not by his will, but by the will of the Nation, expressed in the form prescribed by the Constitution. His policy, as disclosed, was to assume the prerogatives of Congress, and to exercise in those states the powers relinquished by the Confederate leaders. He not only proposed his own terms to them, but also to the Nation,

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and by reinstating the rebel authority with increased political power, to confer upon the vanquished the fruits of victory. His plan embraced no less than immediate representation at Washington; the Congress at Richmond having been overturned. It was proposed by him to restore those who had been defeated in war, to the position of a governing class; ruling those whom they had recently held in bonds, and making laws for the nation which they had tried and failed to destroy. It was a policy revolting to the general sense of national justice and manhood, and acceptable only to those who loved power, hated liberty, or sympathized with the rebellion. From the west, the east and the north came the voice of dissatisfaction, and the work of reconstruction was entered upon by the law making power to which it belonged.

The desire for an early restoration of the insurgent States to their practical relations in the Union, led the people to hope that the expectations held out to the rebels, had not checked the returning spirit of loyalty, which was gaining ground in each of the Southern States after the close of the war. Then it was that Congress at the first opportunity, in a noble spirit of conciliation and forbearance towards those who had risen in arms against the Republic, proposed, in the form of constitutional amendments, conditions of restoration both generous and just. I did not doubt, as expressed in my last annual message, their prompt acceptance, if the communities lately in rebellion were ready to accept the results of war, and return to the support of a government framed by our common fathers. This peace offering, which was promptly ratified by most of the loyal States, was rejected with scorn by the rebels.

They thus put it beyond all question that they were yet animated by the spirit of the rebellion. It is equally clear that there could be no restoration, so far as the issue depended on their voice, except on terms involving the abandonment of the unprotected southern unionists, and the abject surrender by Congress of increased political power in the government, to disloyal persons, as a reward for their attempts to overthrow it. This spirit was inflamed by encouragement received from official quarters, until at last, the scenes at Fort Pillow were re-enacted at Memphis and New Orleans, in the butchery of unarmed Union men, under the shadow of the federal flag. This method of reconstruction being thus closed, Congress availed itself of the only remaining opening to an early and peaceful re-establishment of these States.

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It is well known that there was a large body of Union electors distributed throughout the South, consisting of those who were never in sympathy with the rebellion, and of those who, though numbered with the insurgents, were ready to accept the results of war and to return to their old allegiance. These were, however, mainly powerless, because they were largely outnumbered by those with whom they shared the privilege of access to the polls. There was also a large body of men, composing two-fifths of the whole population, born on the same soil, equally true to the Government, and equally powerless, because they were disfranchised. If these two classes were allowed to act together in the use of the rights of our common manhood, it will be seen that the only obstacle was peaceably removed; as together, they outnumbered the rebel electors who prevented the work of reconstruction. Therefore the question to be determined by Congress was not one of abstract theory, as to the highest qualifications for a wise exercise of political rights. The question in this case, was one of practical statesmanship, in view of the actual condition of the country, and the importance of early and complete reunion. The end to be accomplished involved the peace, the honor, and the interests of the republic. It was essential to the return of order, the removal of military authority, and the renewal of commercial prosperity to the States which had been the theatre of war. It promised to secure our future unity and repose; settle our public credit on firm and just foundations, and enable the insurgents to repair the waste of war, and to bear their share of the common burden, which their crime had brought upon the country. Under their pretended State organizations, the local offices were filled by those who defied the authority of the Nation, and who had refused to take the oath of allegiance required of every legislative, executive and judicial officer in all the States of the Union, by the sixth article of the Federal Constitution.

The loyal portion of the population was for reunion on an acceptable basis, and giving assurance of our future security and repose. On the other side, the disloyal, emboldened by new hopes, were arrayed in hostility to the people of the Union. Would it have been wise, let me ask, on the part of Congress, to make these men the arbiters of reconstruction? Should we have reconstructed the insurgents into a privileged class, and disfranchised the loyal population, for the benefit of the rebel minority? Should we have delivered over the white Unionists to the mercy of the enemies, by whom they were pursued and oppressed? Should we

have remanded to a condition of serfdom the whole body of the colored race, who became, by the terms of the amended Constitution, entitled like ourselves to the immunities of free citizens? In a word, should we have rejected the aid of those who had proved their loyalty and love of liberty, by befriending our armies at the peril of their lives, and by fighting in our ranks, when victory brought no promotion to them, and when the captive could look only for slavery or death? To questions like these there could be but one response from the representatives of the loyal people.

The work of reconstruction has progressed, though for a time slowly. Constitutions have been framed, so liberal and just in their provisions as to extort commendation even from rebel generals. Those who were arrayed against the government are coming over to its support. The return of liberal institutions, it is gratifying to note, is welcomed in States exhausted by war; and unless new obstacles are interposed to delay it, we have every reason to believe that the work of restoration is on the eve of final success. While, then, we deeply deplore the loss of life and the desolations of this sad war, let us rejoice, in that it has resulted in the recognition of civil liberty as the common heritage of humanity, and in the establishment of equality of right before the law, as a fundamental principle of free government. I do not overstate the patriotism of the people in the remark, that they were never more united than now, in the purpose to hold what has thus been achieved, as the unlooked for results of a causeless and bloody rebellion for the establishment of slave empire and the destruction of the American Union.

I am aware that the obstacles interposed in the way of reconstruction, have naturally tended to withdraw the attention of the people and their representatives from other matters of vital and general interest to us all. Questions affecting the condition of the currency, the volume of debt, the measure of taxation, and the rigid and systematic retrenchment of all our expenditures, come home to every household.

I appreciate the responsible duties which devolve upon you individually and collectively, as well in council as in legislation, and I need not assure you of my hearty co-operation in all that may tend to the honor and interest of the State, and to our common prosperity as a people.

REUBEN E. FENTON.

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ANNUAL MESSAGE

OF THE

GOVERNOR

OF THE

STATE OF NEW YORK.

TRANSMITTED TO THE LEGISLATURE, JANUARY 6, 1869.

ALBANY:
ARGUS COMPANY, PRINTERS.
1869.

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GOVERNOR'S MESSAGE.

EXECUTIVE CHAMBER,
ALBANY, *January* 5, 1869.

TO THE LEGISLATURE:

Having been elected to the highest office in the gift of the people of the State, I have taken the oath required by the Constitution, impressed with a due sense of my responsibilities, yet indulging the confident hope that by the blessing and favor of Almighty God, who disposes all things, I shall be able so to discharge my duties as to command the approval of my constituents and to promote the welfare of the State. I am not unaware of the embarrassments which surround me. I am here to administer and to execute important public trusts; to reconcile and adjust conflicting interests as great as they are varied; to overcome or moderate sectional prejudices and jealousies which may exist within our own territory; to preserve public order; to protect the public works; to endeavor to reduce expenditures, taxation and debt; and to assert and maintain the rights of the State and defend the interests of its citizens.

The fact that neither branch of the Legislature is in political sympathy with the Executive may seem to be an obstacle in the way of the accomplishment of these ends. Relying, however, upon your intelligence and patriotism, trusting that you will rise, as shall I strive to do, above all party prejudices and differences, I am ready, with all the ability and energy I possess, to unite with you, as I trust you will unite with me, in every effort to secure to those whose representatives we are, the blessings of an economical,

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a prudent and a wise government. We cannot be unmindful of the greatness of our State, and the magnitude, variety and importance of its interests and resources. Containing, as it does, more than four millions of people, among whom are represented every nation and every creed; extending, as it does, from the ocean to the great inland lakes, over an area of more than fifty thousand square miles; it constitutes an empire in extent and population, which can not be well governed except by the exercise of the greatest moderation, wisdom and firmness on the part of the Legislature and the Executive.

The magnificent harbor which lies at our very gates invites to the metropolis of the State and of the whole country the trade and commerce of all foreign lands; while the great lakes upon our borders, and the canals and railroads which connect them with the ocean, bear onward to the same metropolis the vast and increasing products of our own western and northwestern States. Hence the unparalleled growth and progress of our great city, which, including what may be properly called its suburbs, numbers more than one-third of the population, and pays more than one-half of the taxes of the State. How such a city can be best governed, how the apparently conflicting interests between it and other portions of the State can be justly harmonized, how the differences of sentiment and thought, political and social, between it and other sections can be adjusted, are problems of serious import. These and other grave questions, growing out of conflicting ideas, will continually present themselves. You are to determine what legislation shall be had with reference to our canals and railroads, our moneyed corporations, our schools and colleges, our asylums, prisons and charities, our great debt and heavy taxes, and to our varied population, differing not only in religious faith, but in views of moral and social obligations, customs and duties. The very magnitude of our territory and of the population within its limits admonishes us that upon these and other kindred subjects it is a necessity that we entertain none but broad and comprehensive ideas. Whatever may be our individual opinions to-day, the great majority of thoughtful men will sooner or later be forced to acknowledge that this great metropolitan State cannot be governed upon any merely provincial

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theories, or by the enforcement of any narrow-minded, sectional or illiberal policy; and that the masses of the people, while they will demand of their representatives economy in administration, perfect preservation of law and order, and certain protection to life and property, will also insist that in everything which relates to social, domestic and religious life and the pursuit of personal welfare and enjoyment, there shall be no undue or unnecessary legislative or official interference. We must so act as to promote contentment, reconciliation and harmony, rather than to encourage dissension, alienation and division.

We must not favor legislation which creates, in the minds of a large number of law-abiding citizens, dissatisfaction with law and law-makers. All enactments should be, as far as possible, general in their application. All legislation should be for the whole people. It should be our aim so to conduct public affairs as to avoid those sectional jealousies from which have sprung suggestions that a division of the State might be desirable. State pride and State interests alike forbid such division. New York stands to-day the Empire State of the Union, and, if governed by wisdom, it has before it a career of ever-increasing greatness and prosperity.

There is no real conflict of interest between city and country. Agriculture and commerce together make our State great and prosperous. The merchant and the agriculturist are mutually dependent upon and interested in each other's welfare.

During the past year the agricultural interests of the State have been greatly favored by Providence. Our fields have yielded large harvests, for which the farmer has found a ready market and abundantly compensating prices. He does not feel at present the full weight of the burdens of taxation, and he rejoices in his prosperity. He knows, however, that these burdens must in the end be borne by country and city alike; that he cannot escape his share of them; and that at some time a season of disappointment and trial will come. He therefore unites in an admonition to all in authority that public resources must be husbanded; that no unjust or unnecessary taxes shall be imposed; and that, while in all public affairs a reasonable liberality is to be encouraged, extravagance and waste will be condemned. A

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large amount of invested capital has been declared by Congress exempt from the taxation which now oppresses nearly every interest in the country; those who bear no portion of the public burdens will never be active in opposing their increase. Some will be always ready to favor projects involving great outlays of public money in enterprises of real or supposed merit, but the great body of the people will not sanction any expenditures or appropriations, the necessity of which is not clearly apparent.

By the Constitution, the Executive is required "to communicate, by message to the Legislature, at every session, the condition of the State, and to recommend such matters to them as he shall judge expedient." I proceed to discharge this duty.

The following is a condensed statement in relation to the finances and indebtedness of the State.

RECEIPTS AND PAYMENTS.

General Fund.

Deficiency in the revenue on the 30th of September, 1867, two million eight hundred and sixty thousand five hundred and eighty-six dollars and thirty-eight cents,....	$2,860,586 38
Payments of the year, ten million two hundred and eight thousand one hundred and ninety-eight dollars and forty-six cents,.....	10,208,198 46
	$13,068,784 84
Receipts, ten million one hundred and twelve thousand three hundred and thirty-one dollars and thirty cents,.....	10,112,331 30
Deficiency of the revenue on the 30th of September, 1868, two million nine hundred and fifty-six thousand four hundred and fifty-three dollars and fifty-four cents,.....	$2,956,453 54

NOTE—There was due at the close of the fiscal year from the City of New York four million five hundred and thirty thousand and fourteen dollars and seventeen cents ($4,530,014.17), of which four million dollars ($4,000,000) has since been paid; making up the above deficiency, and leaving a large surplus.

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GENERAL AND OTHER FUNDS.

Receipts of the year on account of all the funds, except the Canal and Free School Fund, sixteen million three thousand one hundred and seventy-eight dollars and fifty-three cents,		$16,003,178 53
Balance due the treasury on the 30th of September, 1867, three hundred and fifty thousand and nine dollars and fifty-eight cents,	$350,009 58	
Payments of the year, fourteen million nine hundred and four thousand six hundred and forty-seven dollars and fifty-four cents,	14,904,647 54	
		15,254,657 12
Balance in treasury on the 30th of September, 1868, seven hundred and forty-eight thousand five hundred and twenty-one dollars and forty-one cents,		$748,521 41

TAXES.

The State tax levied in 1868, was 5⅛ mills, for the following purposes: For schools, 1½ mill; for general purposes, 1½ mill; for canals, 1 1/10 mill; for Bounty Debt, 2½ mills, and for the Whitehall and Plattsburgh Railroad, 1/10 mill—total, ten million two hundred and forty-three thousand three hundred and seventeen dollars and one cent ($10,243,317.01). The State tax levied in 1867, amounted to twelve million six hundred and forty-seven thousand two hundred and eighteen dollars and seventy-one cents ($12,647,218.71).

STATE DEBT.

On the 30th September, 1867, the total funded debt was forty-eight million three hundred and sixty-seven thousand six hundred and eighty-two dollars and twenty-two cents ($48,367,682.22), classified as follows:

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General Fund debt, five million six hundred and forty-two thousand six hundred and twenty-two dollars and twenty-two cents,	$5,642,622 22
Contingent, one hundred and thirty thousand dollars	130,000 00
Canal, fifteen million seven hundred and thirty-three thousand and sixty dollars,	15,733,060 00
Bounty, twenty-six million eight hundred and sixty-two thousand dollars,	26,862,000 00
	$48,367,682 22

On the 30th September, 1868, the total funded debt was forty-four million nine hundred and sixty-eight thousand seven hundred and eighty-six dollars and forty cents ($44,968,786.40), classified as follows:

General Fund debt, four million seven hundred and seven thousand eight hundred and twenty-six dollars and forty cents,	$4,707,826 40
Contingent, sixty-eight thousand dollars,	68,000 00
Canal, fourteen million two hundred and forty-nine thousand nine hundred and sixty dollars,	14,249,960 00
Bounty, twenty-five million nine hundred and fo ty-three thousand dollars,	25,943,000 00
	$44,968,786 40

The following statement shows the amount of the State debt on the 30th of September, 1868, after deducting the unapplied balances of the Sinking Funds at that date:

	Debt on the 30th September, 1868.	Balances of the Sinking Funds, Sept. 30, 1868.	Balance of debt after applying Sinking Funds.
General Fund,	$4,707,826 40	*$153,178 54	$4,554,647 86
Contingent,	68,000 00	15,517 82	52,482 18
Canal,	14,249,960 00	4,017,232 43	10,232,727 57
Bounty,	25,943,000 00	†1,918,408 87	24,024,591 13
	$44,968,786 40	$6,104,337 66	$38,864,448 74

* Includes $350,000 due October 1, 1868, and since paid.

† Deducting interest accrued to October 1, 1868, payable January 1, 1869.

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It appears from this statement that over six millions of dollars ($6,000,000), balances of Sinking Funds, have accumulated, applicable to the redemption of the debt, and that the net amount of the State's indebtedness at the end of the fiscal year was only thirty-eight million eight hundred and sixty-four thousand four hundred and forty-eight dollars and seventy-four cents ($38,864,448.74). The Sinking Funds, which there is no reason to suppose will be diminished, will, at their present rate of application, extinguish the whole debt within nine years.

CANALS.

The following statement will show the condition of the Canal Fund for the fiscal year.

Canal Fund.

Balance in the treasury and invested October 1, 1867, three million eight hundred and forty thousand nine hundred and thirty-five dollars and sixty-six cents, ...	$3,840,935 66
Received during the year ending 30th September, 1868, five million six hundred and eighty-one thousand two hundred and twenty-six dollars and eleven cents, ...	5,681,226 11
	$9,522,161 77
Paid during the year, four million eight hundred and twenty-three thousand two hundred and thirty-nine dollars and thirty-three cents,	4,823,239 33
Leaving a balance 30th September, 1868, of four million six hundred and ninety-eight thousand nine hundred and twenty-two dollars and forty-four cents, ...	$4,698,922 44

Revenues and Expenditures for the Fiscal Year.

Statement of the revenues of the State canals, and the expenses of collection and ordinary repairs during the fiscal year ending 30th September, 1868:

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Receipts.

Tolls, four million four hundred and seventeen thousand five hundred and fifty nine dollars fifty cents, ..	$4,417,559 50
Rent of surplus water, seven hundred and fifty dollars, ...	750 00
Interest on current revenues, thirty-two thousand seven hundred and ninety-one dollars and sixty-nine cents,.....	32,791 69
Miscellaneous receipts, twenty-six thousand four hundred and forty-four dollars and ninety-eight cents, ...	26,444 98
	$4,477,546 17

Payments.

To Canal Commissioners for ordinary repairs, two hundred and forty-one thousand six hundred and forty-seven dollars and eighteen cents, ...	$241,647 18	
To contractors, for repairs, seven hundred and seventy-five thousand one hundred and eighteen dollars and seventy-four cents,.....	775,118 74	
To superintend'ts, for repairs, two hundred and ninety-one dollars and two cents,.....	291 02	
To collectors, for salaries, clerk hire, pay of inspectors and expenses of collectors' offices, seventy-six thousand seven hundred and sixty-one dollars and eleven cents, ...	76,761 11	
To weighmasters, thirteen thousand three hundred and forty-seven dollars and seventy cents, ...	13,347 70	
Carried forward,.....	$1,107,165 75	$4,477,546 17

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Brought forward, ...	$1,107,165 75	$4,477,546 17
For salaries chargeable to annual revenues, refunding tolls, printing and other miscellaneous payments, seventy-seven thousand and seventy-nine dollars and twenty-nine cents,.....	77,079 29	1,184,245 04
"Surplus revenues," three million two hundred and ninety-three thousand three hundred and one dollars and thirteen cents....		$3,293,301 13

AMOUNTS SET APART BY ARTICLE SEVEN OF THE CONSTITUTION, *viz:*

To Sinking Fund under section 1, one million seven hundred thousand dollars, ...	$1,700,000 00
To Sinking Fund under section 2, three hundred and fifty thousand dollars.....	350,000 00
To Sinking Fund under section 3, one million one hundred and sixteen thousand two hundred and forty-two dollars and sixty-six cents	1,116,242 66
For the support of Government under section 3, one hundred and twenty-seven thousand and fifty-eight dollars and forty-seven cents	127,058 47
	$3,293,301 13

CANAL DEBT PAYING INTEREST 30TH SEPTEMBER, 1868.

	Principal.	Annual interest of.
Under article 7, section 1 of the Constitution, ...	$2,230,700 00	$111,535 00
Under article 7, section 3, of the Constitution, ...	10,324,100 00	619,196 00
Carried forward,.....	$12,554,800 00	$730,731 00

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Brought forward, ...	$12,554,800 00	$730,731 00
Under article 7, section 12, of the Constitution, ...	1,685,000 00	101,100 00
	$14,239,800 00	$831,831 00

There are also ten thousand one hundred and sixty dollars ($10,160) of Canal debt, which sum is past due and does not now bear interest; this is included in my previous statement of Canal debt.

The aggregate balance of all the Sinking Funds applicable to the Canal debt in the treasury, and temporarily invested on the 30th of September, was four million and seventeen thousand two hundred and thirty-two dollars and forty-three cents ($4,017,232.43.) These Sinking Funds are pledged for the payment of the interest and the redemption of the principal of the several debts and loans incurred under sections one, three and twelve, of article seven of the Constitution in the construction and enlargement of the canals. The application of the above balance to the several debts, for the payment of which these funds have been provided and set apart, would reduce the above outstanding indebtedness to the sum of ten million three hundred and seven thousand nine hundred and twenty-one dollars and twenty-four cents ($10,307,921.24), as will more fully appear from the following statement:

	Debt 30th September, 1868.	Bal'ce of Sinking Fund 30th Sept. 1868, including temporary investments.	Balance of debt after applying Sink'g Funds.
Under art. 7, sec. 1, of the Constitution, ...	$2,240,860 00	$2,316,053 67	
Under art. 7, sec. 3, of the Constitution.	10,324,100 00	1,122,520 12	$9,201,579 88
Under art. 7, sec. 12, of the Constitution, ...	1,685,000 00	578,658 64	1,106,341 36
	$14,249,960 00	$4,017,232 43	$10,307,921 24

It will be seen from the last statement, which is made up by the Canal Department, that the total amount of Canal debt is

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seventy-five thousand one hundred and ninety-three dollars and sixty-seven cents ($75,193.67) in excess of the amount previously stated by me. The first statement is from the Comptroller's books. The explanation of this discrepancy is as follows:

The Canal debt, under section 1 of article 7 of the Constitution, is two million two hundred and forty thousand eight hundred and sixty dollars,.....	$2,240,860 00
The Sinking Fund is two million three hundred and sixteen thousand and fifty-three dollars and sixtyseven cents,.....	2,316,053 67
Excess of Sinking Fund over debt, seventy-five thousand one hundred and ninety-three dollars and sixty-seven cents,.....	$75,193 67

which the Comptroller has included in the Sinking Fund applicable to the payment of the residue of the Canal debt, and which the Auditor does not include.

The amount carried to the Sinking Fund under section one, is fully sufficient to pay the balance due on the debt originally incurred for the construction of the canals, and known as the Canal debt of 1846. The extinguishment of this debt makes a further annual appropriation of one million seven hundred thousand dollars ($1,700,000) no longer necessary, and enables the Legislature to apply the surplus revenues to the immediate payment of the General Fund Debt and enlargement loans, in accordance with the provisions of sections two and three of article seven of the Constitution.

The Auditor of the Canal Department reports, that the balance due on the General Fund debt for the payment of which the canal revenues are chargeable, is four million five hundred and fifty-four thousand six hundred and forty-seven dollars and eighty-six cents ($4,554,647.86). The annual appropriation of one million five hundred thousand dollars ($1,500,000) hereafter required by said section two, will be sufficient to pay the principal and accruing interest of this debt in less than four years. The debt contracted by virtue of the provisions of said section three, for the enlargement and completion of the canals, amounting, on the

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thirtieth of September last, to ten million three hundred and twenty-four thousand one hundred dollars ($10,324,100), matures on an average in less than six years. To supply the Sinking Fund with the means to pay the interest and redeem the principal of this debt as it falls due, will require an annual appropriation of two million three hundred and forty thousand dollars ($2,340,000.) Funds have been provided for the payment of all outstanding claims and liabilities against the State, except such as may have arisen during the last year for awards made by the Canal Appraisers for lands appropriated or occupied for public purposes. The amount of business transacted upon the canals, their general condition, management and supervision, compare favorably with any previous season. Their revenues have been nearly half a million in excess of those of 1867, while their current expenses, for care, superintendence, and ordinary repairs, have been over two hundred thousand dollars less than the annual average for the four preceding years.

It affords me great pleasure to congratulate the Legislature and the people of the State upon the fact that the surplus revenues of the canals for the past fiscal year have been sufficient to pay the balance of the canal debt of 1846, satisfy the other requirements of the Constitution, and contribute over a hundred thousand dollars "to defray the necessary expenses of the government."

The Erie canal, by its geographical position and its physical characteristics, has a special and an important relation to the commerce and business not only of our own State, but of the populous and rapidly-growing communities of the great northwest. Connecting the Hudson with the lakes, it is an indispensable link in a chain of water communication, which continues to be of great power and value, notwithstanding the improvements in the methods of land transportation which are characteristic of our times. This work is a trust for the people of this State, whose enterprise and capital have created it; but it is to be administered in a spirit of liberality toward those great populations whose growth has been fostered by it, and whose welfare it continues to affect. To maintain it in a condition of efficiency, and to improve it in a practical manner, as the necessities of

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business may from time to time demand, is our interest as proprietors, and our policy with reference to the commerce of the State and country. To protect it from embarrassment, arising out of improvident expenditures, ill-considered changes in its structure, or charges upon its revenues, growing out of other undertakings, is an obligation clearly resting upon us. The general plan of its construction and its adaptation to the business for which it was intended, provide a convenient, easy, and an economical means of transportation. The complaints that have arisen, some of which have been made the occasion of demands for fundamental changes in the work, have been provoked mainly by failures in the administration.

The most unnecessary, as well as the most mischievous, of these failures has been the allowing of the water-way of the canal to become narrow at the bottom, and shallow, by neglect to remove the gradual accumulations of earth incident to the use of the work and the lapse of time. The consequences have been that the flow of water has been obstructed, its supply lessened, especially on the short levels, the movement of the boats retarded, the time of transits lengthened, and the cost of transportation increased. Frequent complaints, of a serious character, have also arisen from the failure to make provision for prompt repairs, for keeping the locks in efficient working order, and for doubling them when necessary. All persons doing business on the canals will agree that these evils have been much less during the navigation season of 1868 than before. During and for some time prior to the season of 1867, they were so serious as to greatly impair the efficiency of the canals and to create very extensive dissatisfaction among all persons engaged in the business of transportation. I do not propose now to speak at length in regard to the specific improvements to the making of which such surplus revenues as the State may have at its command should be applied. Upon this subject I respectfully refer you to the able report of the State Engineer, of which I ask your careful consideration. Besides such general improvements as experience suggests, and the demands of commerce require, it is a constant duty, as well as the best economy, to keep the canals at all times in thorough repair, and in the best and most efficient working condition. It

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is especially important, that the water-way be restored to its full dimensions, and even be incidentally and progressively enlarged. The considerations which I have submitted are applicable to all the canals in proportion to the extent of their business.

With regard to the present contract system for repairs to the canals, I beg leave to call your attention specially to the following extract from the report of the State Engineer: "The present system of repairs has proved a great disappointment to its early advocates, and as an experiment, has wholly failed in protecting the interests of the State, and in preserving and maintaining our public works. It has proved to be anything but economical to the State, or beneficial to navigation, and its repeal is earnestly desired by all directly interested in the navigation of the canals, and strongly recommended by all the present and retiring canal officials." These views of the State Engineer meet with my full approval, and I unite in his recommendation. In concluding these remarks, I desire to enter my earnest protest against the proposition, which in some quarters has met with favor, that it is the duty of the general government to interest itself in our canals, and ultimately to acquire control of them. Our State has a just pride in its public works, and is quite competent to take care of them. To foster and protect them, to adapt them fully to the public necessities and to the growing demands of the internal commerce of the country, should be the duty of the Legislative and Executive departments.

SALT SPRINGS.

The Superintendent of the Onondaga Salt Springs reports the quantity of salt inspected during the last fiscal year at eight million seven hundred and ninety-three thousand five hundred and fourteen bushels (8,793,514), being an increase of production over that of the previous fiscal year of two million sixteen thousand four hundred and fifty-four bushels (2,016,454). The amount of revenue received from all sources was eighty-eight thousand and forty-nine dollars and forty-seven cents, ($88,049.47); total expenditures connected with the superintendency of the springs was forty-nine thousand two hundred and thirty-eight dollars ($49,238); the amount of net revenue received by the State

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being thirty-eight thousand eight hundred and eleven dollars and forty-seven cents ($38,811.47).

STATE PRISONS.

The following facts in regard to the receipts and expenditures of the State prisons are furnished me by the Comptroller:

Earnings.

Sing Sing,	$135,363 78
Auburn,	125,334 89
Clinton,	238,428 55
	$499,127 22

Payments.

Sing Sing,	$303,364 36
Auburn,	208,839 53
Clinton,	420,008 31
	$932,212 20

For the number of inmates of the several prisons, and other details, I respectfully refer you to the reports of the Inspectors, which will be duly presented.

Our prisons have not been for many years self-supporting institutions. I am satisfied they can be better managed, as well in respect to finances as discipline. The prison system of this State abounds in evils and errors. Many of these are, doubtless, due to the fact that the persons appointed to discharge the duties of agents, wardens and keepers, are too often selected from political considerations only, without reference to their capacity and qualifications. The present contract system for the employment of the labor of the prisoners is an unwise one. It affects very unfavorably the discipline of the institutions, and does not produce satisfactory pecuniary results. The labor of the convicts should be directed and employed entirely by the Prison Superintendents, and the products of such labor should be sold by them for the benefit of the State. This system would remove many

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existing causes of complaint in regard to convict labor, and result in material advantage to the public.

The law passed some years ago, allowing to convicts, for good behavior, a certain number of days' deduction from their terms of imprisonment, by way of commutation of sentence, has been beneficial in its operation; and if, under a system by which the Superintendent should directly employ the labor of the prisoners, provision should be made that a small portion of their earnings be laid aside for their benefit, to be paid to them on the expiration of their sentence, the effect upon their present conduct and future lives would, I think, be useful alike to them and to society. I cannot in this message enter into detailed statements and suggestions of all that is necessary for prison reform. I commend to your consideration the report of the Prison Association, which, under a resolution of the last Legislature, was directed to investigate the financial administration of the State prisons and the reformatory agencies employed in them.

It is time that the great State of New York, throughout which extends such a grand and liberal system of education and charity, should give to this subject of prison management and reform the attention which its importance demands, and which, hitherto, it has failed to receive.

I commend to your favorable consideration the various houses of refuge and other institutions for the reformation of juvenile delinquents. It is wise economy to aid them, and to provide for their increase and extension.

I respectfully call your attention to the present practice of detaining witnesses in criminal cases, when unable to give security for their appearance at the trial of the accused. They are generally poor, sometimes strangers temporarily visiting the State and made the victims of crime, often have families dependent upon them, and are kept in prison upon the claim that public necessity requires their actual presence at the trial. It frequently happens that while the unfortunate witness is in prison, the alleged criminal is at large, on bail. The unnecessary detention of the innocent to convict the guilty is a cruel wrong. I submit whether it cannot be remedied by proper legislation.

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INSURANCE.

Inasmuch as the report of the Insurance Department is not due until after the assembling of the Legislature, I am unable to communicate any information in regard to its workings during the past year. I refer you to the report when presented.

BANKS.

The number of financial institutions having relations, more or less intimate, with the Banking Department, on September 30, 1868, was four hundred and eighty-eight (488).

Of these, two hundred and forty-eight (248) were banks that had voluntarily taken the final steps to close their banking business under the laws of this State, by providing for the redemption of their circulation within six (6) years.

Three (3) others are insolvent, but their circulating notes are amply secured. Forty-eight (48) banking institutions, not above enumerated, have been converted into national banks or are otherwise changing their condition, but have not availed themselves of the provisions of the law for finally closing their circulation account.

One (1) trust company and one (1) savings bank are voluntarily winding up their affairs, and one (1) savings bank, the Niagara County, is closing its business in consequence of insolvency, with liabilities, however, supposed to be less than four thousand dollars ($4,000).

Forty-seven (47) incorporated banks, whose charters have expired, still have notes outstanding, for the redemption of which they have not made any final deposit.

One hundred and one (101) savings banks, with an aggregate of deposits exceeding one hundred and fifty millions of dollars ($150,000,000); forty-five (45) banks of discount and deposit, including some of the oldest and most substantial and popular institutions in our State; and four (4) trust companies, with large capital and extensive business, still retain relations with this Department, unaffected by the financial changes of the last few years. One of these, The Mechanics and Farmers' Bank of Albany, has evinced its confidence in the free banking system

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of the State of New York, by returning to it from the national system, under the provisions of the enabling act of 1867.

One (1) banking association, one (1) trust company, and two (2) or more savings banks, have been organized during the year, and other banking associations have filed certificates, but have not taken the final steps to organization precedent to the transaction of business.

The whole amount of circulating notes of all banks in this State, outstanding and charged to their accounts, on the 1st day of October last, was two million nine hundred and fifty four thousand three hundred and ninety-one dollars ($2,954,391); of this one million six hundred and sixty-five thousand eight hundred and fifty-five dollars ($1,665,855), were issues of free banks, one million two hundred and eighty-eight thousand five hundred and thirty-six dollars ($1,288,536) were issues of Safety Fund and Incorporated Banks. The amount for which securities were held by the Superintendent of the Banking Department was two million and twelve thousand seven hundred and sixty-eight dollars ($2,012,768), leaving unsecured nine hundred and forty-one thousand six hundred and twenty-three dollars ($941,623). But this consists, for the most part, of notes of very old banks, and is represented by their account of supposed lost circulation, or of banks that through some form of organization still redeem their notes dollar for dollar, and, in some instances, in gold.

The amount of circulating notes returned to the Bank Department and destroyed during the last fiscal year, was nine hundred and ninety-one thousand two hundred and seventy-three dollars ($991,273).

MILITIA.

The Adjutant-General reports that the National Guard of the State is, in its organization and discipline, in a sound and prosperous condition; that it numbers between twenty-five thousand (25,000) and thirty thousand (30,000) men, and consists of—

Fifty regiments of infantry.
Three battalions of infantry.
One regiment of artillery.
Three battalions of artillery.

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Three batteries of artillery.
Three regiments of cavalry.
Two battalions of cavalry.
One squadron of cavalry.

The Legislature of 1868 authorized a reduction of the maximum force from fifty thousand (50,000) to thirty thousand (30,000), and during the year forty-nine (49) regiments of infantry and two (2) battalions of artillery have been disbanded.

It will be my aim to reduce, as far as possible, the military expenses of the State, without impairing the efficiency of the State National Guard.

EDUCATION.

The condition of the colleges and academies of the State will appear from the annual report of the Board of Regents of the University. The opening of the Cornell University, at Ithaca, in October last, was an event of marked interest. The widely extended influence of the academies in the State entitle them to liberal consideration. A suggestion has been made that the annuity given, more than thirty years ago, from the United States Deposit Fund, might now, with propriety, be increased. The State Library and the State Cabinet of Natural History, both under the control of the Regents of the University, are in a satisfactory condition. The additions to the library, during the past year, have been larger than usual. The collections of the State Cabinet have been greatly increased. I recommend the usual appropriations for both.

I submit the following statement in relation to the common schools, for the year ending September 30, 1868:

FINANCIAL.

Receipts.

Amount reported on hand, Oct. 1, 1867,....	$1,197,924 70
Apportioned to districts, ...	2,315,166 80
Proceeds of Gospel and School lands,.....	22,843 46
Raised by local taxation,.....	6,311,186 12
From all other sources, ...	633,346 58
	$10,480,467 66

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Expenditures.

For teachers' wages,.....	$5,586,546 42	
For libraries,.....	26,926 48	
For apparatus,.....	234,382 34	
For colored schools,.....	64,765 58	
For school houses, sites, repairs, furniture, etc.,.....	2,166,566 22	
For all other incidental expenses,.....	930,640 61	
Amount reported on hand Oct. 1, 1868,.....	1,470,640 01	
		$10,480,467 66

STATISTICAL.

Number of children of school age, ...	1,464,424
Number of children attending school some portion of the year, ...	971,512
Number of teachers employed in common schools for 28 weeks or more,.....	16,580
Number of male teachers,.....	5,883
Number of female teachers, ...	21,870
Number of school districts,.....	11,731
Number of school houses,.....	11,673
Number of volumes in district libraries, ...	1,064,229
Amount of public money to be apportioned during current fiscal year,.....	$2,520,000

Since the school-tax was increased from ¾ of a mill to 1¼ mills, and the schools opened to all of proper age without charge, the number of children attending has greatly increased. Four Normal Schools for the training of teachers are in full operation. Two others will be opened early in the present year, and two more early in the year 1870.

It is not necessary for me to urge upon you the importance of doing whatever may be necessary to foster the educational interests of the State.

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CHARITIES AND ASYLUMS.

In relation to the operation of the several public charities and asylums in the State, I respectfully refer you to the official report, which will be transmitted.

The commission of Public Charities was organized under an act of the Legislature of 1867. During the past year nearly all the charitable institutions of the State, both public and private, and also the poor-houses have been visited under the authority of the Board. Until the creation of this commission, notwithstanding the large annual contributions of the State to charitable institutions, no provision existed for any systematic supervision or examination of them. The report, which will soon be submitted, will, I doubt not, present many interesting facts, and valuable suggestions. I commend all the great charities of the State to the favorable consideration of the Legislature, and recommend such additional legislation as may be necessary to increase the efficiency of the commission.

The title to the Inebriate Asylum at Binghamton, is, under the operation of the law passed in 1867, vested in the State. No provision was made by that law for the government of the institution, and its management is still in the hands of the trustees under the charter. I submit to the Legislature whether any changes should be made in its administration.

THE NEW CAPITOL.

The Commissioners of the New Capitol, in pursuance of an act of the Legislature, have caused the additional land, deemed requisite for the building, to be taken by appraisement. The jury of appraisal, selected under the proceedings in the Supreme Court, was composed of citizens of the highest respectability, and their awards are unquestioned. Plans for the building have been adopted, and contracts for part of the material for its foundation have been authorized. The site of the building has been fixed upon. I trust there will be no delay in the progress of this work, and recommend such legislation, with reference to it, as may be necessary.

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QUARANTINE AND PUBLIC HEALTH.

The past year has been one of more than ordinary exemption from imported disease. This has arisen rather from natural causes than from any increase of our facilities for warding off its approach. The State has long rested under the charge of having enacted stringent laws for the protection of her citizens from the introduction of pestilence through her chief commercial port, without having provided proper means for their execution. With a commerce which extends to almost every clime, and with a tide of immigration which yearly adds hundreds of thousands to our population, we are constantly exposed to the introduction of infectious diseases. The Legislature early appreciated the necessity of guarding against this danger, but the mode by which it could be accomplished was surrounded with difficulties which checked, and for a while defeated, appropriate legislation. It is believed, however, that when the measures authorized by existing laws shall have been perfected, the State will no longer rest under the reproach of imposing duties upon its officers which it has left them, in a measure, powerless to execute.

At the session of 1866 an act was passed constituting the Commissioners of Quarantine and the Mayors of the cities of New York and Brooklyn a Board of Commissioners to perform certain duties, among which was the erection of a structure on West Bank, in the lower bay of New York, to be used for a quarantine hospital. Pursuant thereto, the Board, in the month of August of that year, awarded the contract for the erection of the structure; but they were delayed by an injunction from executing the contract until the 11th of September following. Owing to this delay, it was not until the 14th of January, 1867, that the first crib-work, which was to constitute the foundation of the structure, was sunk in its proper position. The inclemency of the weather soon after compelled the temporary suspension of the work, but it was resumed, and from time to time prosecuted as the elements permitted, until the foundation was completed. It is now considered to be in proper condition for the erection of the buildings thereon, and it is probable that these will be finished during the present season.

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The erection of this structure was regarded as a very doubtful experiment by many who believed that the first attempt would demonstrate its impracticability at so exposed a point in the waters of the bay. But I am advised by competent judges that its success can no longer be considered problematical.

In performing the duties enjoined upon them the Board found themselves embarrassed by the restrictions of the act by which they were created. It authorized them to enter into a contract for the erection of the structure, but, in terms, gave them no power to modify it or to guard against emergencies or to make alterations which might prove to be necessary in the progress of the work. A recent and severe storm has tested the strength of the structure more thoroughly than it had before been tried. It stood the test; nevertheless, I would suggest that an addition to the rip-rap should be made for still further security.

In view of doubts existing as to the powers of the Board, I recommend such legislation as may be necessary to enable them to accomplish their work.

By an act passed at the session of 1868, the same Board was authorized to erect another structure on West Bank, to be used for a boarding station for quarantine purposes. Pursuant to that act they have entered into a contract and I am advised that the work is now in successful progress. Only fifty thousand dollars ($50,000) was appropriated by the act, but it was generally supposed that a sum of fifty thousand dollars ($50,000) which had been appropriated in the Supply Bill of 1867, for the erection of a place for the temporary detention of passengers under quarantine, could be applied to this purpose. A doubt, however, has been suggested, whether the act of 1867 is not, in this respect, wholly superseded by a subsequent enactment. I respectfully recommend whatever legislation may be necessary to complete this work, so essential to the due administration of our quarantine system.

The report of the Commissioners, which will be laid before you, will contain the statistics in reference to diseases treated under quarantine during the past year.

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CATTLE DISEASE.

During the past summer a contagious disease, known as the Texas cattle disease, made its appearance in the Western States, and measures were immediately adopted by the Commissioners appointed for the purpose to prevent its introduction into our State. These measures, I am happy to say, proved so successful that but few animals died of the disease, and in every instance it was confined to the farms on which it originally appeared. A full report will be presented to the Legislature at an early day. It is estimated that within this State there are twelve hundred thousand (1,200,000) cattle, the annual value of their products being upward of twenty-four million of dollars ($24,000,000). The protection of this source of wealth is a matter of so much importance to our agricultural population, as to merit the continued attention of the Legislature. I am informed that the act for the prevention of infectious diseases among cattle, passed April 20, 1866, needs amendment in order to enable the Commissioners to act with the efficiency necessary to secure the objects of the law. I recommend the subject to the careful consideration of the Legislature.

IMMIGRATION.

During the past year the number of alien immigrants landed at port of New York, was 213,708, showing a decrease from 1867, of 29,023. This decrease may be attributed to the still unsettled condition of political affairs, and the competition of other States, which, in order to attract immigration to themselves, have established direct steam communication with European countries. The Commissioners of Emigration during the past year have improved the lands and buildings and the facilities for caring for the sick and destitute on Ward's Island. They have also established a labor exchange in connection with the landing depots at Castle Garden, by means of which they have been enabled to supply the demand for labor from various parts of the country, and to secure immediate employment for many immigrants. Over thirty thousand orders for male and female immigrant labor have been filled from this bureau of the depart-

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ment. For more detailed accounts of the workings of the Emigrant Commission, you are respectfully referred to their annual report, which will shortly be communicated to you.

For information in regard to the various other commissions in the Metropolitan district, and other district commissions and boards in the State, I respectfully refer you to the several reports, which will be duly transmitted.

CIVIL AND CRIMINAL CODES, &C.

The codes prepared by the two commissions organized under the Constitution have heretofore been presented to the Legislature. The Practice Commission, created pursuant to the twenty-fourth section of the sixth article, has reported codes of civil and criminal procedure; and the Code Commission, created pursuant to the seventeenth section of the first article, has reported civil, penal and political codes. A book of forms has also been prepared, adapted to the code of civil procedure. These volumes were designed to lay before the people, in a concise and systematic form, the whole body of the law, common and statutory, with formulas for general use. Much labor has been expended by the Commissioners upon their work, which has commanded considerable public attention. The code of civil procedure has been, to a great extent, adopted by sixteen states and territories; the code of criminal procedure by ten of them, and the civil and penal code, the last reported, has been adopted by two of the territories. In view of the great importance attached to the subjects embraced in these various reports, I commend them to your early consideration.

If they do not command the approval of the Legislature, I respectfully suggest the propriety of prompt action to secure a new revision of the statutes of the State, as well as an immediate reform in our criminal laws.

I particularly recommend that provision be made by statute that in all cases of murder, where the degree of premeditation or the circumstances attending the homicide do not, in the opinion of the jury, justify punishment by death, they may render a verdict of murder of a less degree, to be punished by imprisonment for a term of years, the maximum of which shall be fixed by law.

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METROPOLITAN DISTRICTS AND COMMISSIONS.

The Constitution of the State, in terms, recognizes for the purposes of local government, counties, cities, towns and villages, and no other territorial divisions. It directs that all officers, whose appointment is not provided for by it, shall be elected by the electors or appointed by the authorities of the locality within which their powers are to be exercised, distinctly recognizing the right of electors in local communities to choose their own officers, and, as they bear their own burdens, to administer their own affairs. The plain spirit of the Constitution has been clearly violated in the creation by the Legislature of other geographical divisions than those fixed and established by the organic law. It is true the highest court of the State, by a bare majority vote, held this legislation valid; but it has, nevertheless, been very generally admitted to have been a partisan contrivance for power, and if not an open violation, at least an evasion of the Constitution. One of these districts, called the Metropolitan District, embraces the counties of New York, Kings, Westchester and Richmond. The people of these counties, and of the cities of New York and Brooklyn, have thus been deprived of the right of managing their own local affairs in many important particulars, especially with reference to matters of health, police, and excise; and these interests have been committed to officers appointed by State authority, who do not represent the majority of the inhabitants of the respective counties.

The effect has been, virtually, to give to the political minority in these districts the power of governing the majority. This never was contemplated by the framers of the Constitution, whose manifest intention was that power and responsibility should go together. I unhesitatingly recommend the repeal of all laws creating these district commissions, and the restoration to the people of every county and city in the State of the constitutional power to regulate and manage their own local affairs. Whatever theory may have been advanced originally in regard to the necessity of these commissions, the fact is indisputable that they have been established only over localities and communities which were not in political sympathy with the

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dominant party in the Legislature. I recommend the repeal, not only because the legislation to which I object is a usurpation of power and an evasion of the Constitution, but also because the commissions themselves have been to a great extent partisan in their character and conduct, and because the majority of the people in the respective districts have had no effective representation in them: and these commissions being controlled by authority foreign to the communities in which they exist, and owing no responsibility to the people governed, have been administered without regard to popular rights.

MUNICIPAL GOVERNMENT.

Questions relating to municipal government in our great cities have immediate connection with the subject to which I have just referred. It is a favorite theory with some that the people of such cities cannot safely be intrusted with the management of their own affairs, and that the State at large is so directly interested in their good government that it should assume entire control over them. No man can assent to this without admitting that our republican form of government is a failure. About one-half of the population of the State reside within the limits of cities; and this theory, if true, would necessarily lead to the conclusion that one-half of our people are unfit to exercise the duties and enjoy the privileges which pertain to the citizens of a free government.

In the city of New York, which may properly be selected as an illustration of my views, the advocates of this false doctrine have, for many years, had an opportunity to try their experiment. They are themselves to-day forced to admit that it has resulted in a failure. The Mayor of the city, its chief magistrate, to whom the people naturally look for a redress of grievances, is deprived of nearly all the powers which properly belong to the executive. There is no department in the city government which is not independent of him, and which does not dispense more patronage and exercise more power than he. The Departments of Police, Health, Excise, Public Charities, and Fire are controlled and directed by separate and distinct commissions, acting independently of each other and of the Mayor. He has

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no voice in any of these. He can issue no order to any of them. He can call none of them to account. There is no connection between them and the common council of the city, nor between them and the departments proper of the municipal government, although the local authorities are compelled to raise money for their support and maintenance. The result is, as must always be expected in any government so made up and to which there is practically no executive head, confusion, clashing interests, want of harmony, absence of responsibility, extravagance, waste, and general inefficiency. I do not intend to be understood as saying that there are not many things well done; but I affirm that this system, or rather want of system, and this conflict of authority and responsibility, have failed to produce good local government. Among the various commissions the one which has, perhaps, accomplished the most satisfactory results, is the Commission of Public Charities and Corrections, the members of which are appointed by local authority. It has always remained since its creation entirely non-partisan. Its administration has commanded general approval. These facts of themselves afford abundant proof that there is not now, and never was, any necessity or justification for the interference by the Legislature with the plain constitutional right of the people of the city to regulate and manage their own local affairs.

About one-half the amount raised by tax within the city is disbursed by the independent commissions referred to, whose expenditures are subject to no adequate supervision, and who have practically no responsibility. One of the most certain means of correcting misgovernment is direct responsibility to the people, who, through the ballot-box, have summary power of redress. It is the right of the people of that city, as it is the right of the people of all other parts of the State, that they should not be taxed without representation, as well as that the officials placed over them should recognize their direct accountability to the popular judgment. When officers placed over the people, by legislative action, expend money or incur responsibility, they do not consider the constituency who pay the bills. They regard themselves as invested with authority by partisan influences from other parts of the State, to secure political ends, and, whether they are

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faithful or inefficient, prudent or reckless and corrupt in expenditure, just or arbitrary and oppressive, they are apt to believe their party will sustain them as a matter of party necessity.

Experience proves that such officials, imposed, for partisan objects, to usurp power for the minority, consider that a harsh and imperious disregard of the rights of the majority is likely to commend them to those in other parts of the State to whom alone they owe allegiance. This feeling on the part of the superior officers soon infuses itself among the subordinates. The result is that the government becomes an inconsiderate tyranny rather than a temperate and responsible exercise of authority. If this were otherwise, and the people were not taxed and governed without any right of redress, every dollar paid for taxation would draw with it direct responsibility, and every officer would feel himself at all times on trial for his public acts. No party could long maintain local ascendency which did not nominate the best men for office; and did not, by economy and good government, make their control of affairs consistent with the interests of the people.

These considerations are applicable, not alone to the cities of New York and Brooklyn, but to all other cities in the State, which have been brought under the operation of laws establishing district commissions.

I deem it my duty in this, my first annual message, to give decided expression to my opinion that no good government can be secured to any great city unless it shall have one responsible head, in whom shall be vested all executive power, and to whom, as the elected representative of the people, all departments, charged with executive duties, shall be directly and summarily responsible and accountable.

If, with this as the fundamental idea, a plan shall be devised which will give to the political minority within a city a just representation in its councils, we shall, doubtless, secure better results in municipal government than have ever before been attained.

I respectfully call the attention of the Legislature to another subject in which the people of the city of New York have and feel a deep interest. The commercial needs of the metropolis

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demand that there should be some speedy and wise legislation with reference to its wharves and piers. They should be constructed after the very best plan for making them convenient, adequate, and enduring. The work should be commenced as soon as possible.

The question of probable cost is of but little importance. The city can well afford to pay whatever may be necessary to perfect the work; when completed it would, by the aid of proper legislation in relation to wharfage, yield a revenue sufficient to pay the interest on the expenditure, and to create a sinking fund for the speedy extinguishment of the debt incurred in the construction. It is not necessary that I should commit myself to any particular form of legislation for the accomplishment of this result, but I would respectfully recommend, by way of suggestion, that if it should be deemed impossible to mature a plan during the present session, the Mayor of the city of New York be authorized to appoint a board, with authority to examine the whole subject, and to report to the next Legislature, for its consideration, a plan of the proposed work, with an estimate of its probable cost, and such suggestions, with reference thereto, as they may deem proper.

THE EXCISE LAW IN THE METROPOLITAN DISTRICT.

The excise law which is in force throughout the Metropolitan district, excepting only in the county of Westchester (which was, for some reason, exempted by the Legislature from its operation), violates principles involving rights of individuals and communities. It confers upon the Excise Board created by the Legislature, and deriving none of its authority from the people in the district, extraordinary and arbitrary powers; and contains, in my judgment, many harsh and unwise provisions. If the objects of its enactment were to diminish the amount of intemperance, and to lessen the consumption of intoxicating liquors, these objects have not been attained. At the same time, this law has been executed and enforced in an arbitrary, despotic and intemperate manner, and in a spirit which has created great dissatisfaction even among many who were its original supporters; while large numbers of sober, temperate, industrious and law-

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abiding citizens feel that they are oppressed by its onerous exactions and requirements. No one deplores more than I do the evils of intemperance; but they are not local, are not confined to any section or district, and if they can be checked or modified by legislation, the remedy can only be secured by the operation of general laws. There is no reason, in my judgment, why the whole, or any portion of the Metropolitan district, should be subjected to an excise law different from that applied to other parts of the State. All such laws should be universal in application, and should have for their object, not the enforcement of extreme and arbitrary views, but the encouragement of good habits and the preservation of public order. The present law needlessly violates private rights. It provokes hostility because it does so, and because it is administered harshly by partisan officers. I therefore recommend its repeal, so that we may have but one law for the whole State, to be administered, whether in counties or in cities, by the legally constituted local authorities thereof, or by officers to be appointed by them. Such a law would command universal respect and general obedience.

PURITY OF ELECTIONS.

Every means should be adopted by which the electors may have secured to them freedom from intimidation or corrupt influences in the exercise of the elective franchise—the highest privilege of a citizen. It cannot be denied that wealth, by its lavish expenditure to control elections, is fast becoming more influential than abilities and public service, to obtain political power and official station. It is not unusual to hear the claims of public men asserted in proportion to the pecuniary contributions which they make to party funds in amounts which obviously cannot be required or used for the legitimate purposes of an election. It is one of the startling evils of the times, that nominations to important offices are sought by and given to men of vast wealth, not because of their capacity and qualifications, but in order that their money may be used to accomplish success. The dangers arising and to be apprehended from this condition of things are manifold. Officials are taught that money, however acquired, is the passport to office and authority; electors are corrupted, and

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a power is built up, founded on the possession of riches and their corrupt use, tending to the subversion of the rights and liberties of the people, and the destruction of the principles of our government. As one result of this growing tendency of moneyed influences to assert an exclusiveness of class, and a superior domination, sectional and class legislation has been adopted of late years to control, even in regard to suffrage, large communities by special laws not applicable to other parts of the State. Before the law all men are equal, and never more so than when in the performance of their right and duty of voting to sustain principles, and to elect their representatives. Laws to provide regulations and restrictions in regard to elections should apply to all citizens and to all sections alike. The laws to preserve the purity of the ballot-box and to prevent the corrupt use of money in elections should be general, stringent, and rigorously enforced. In my judgment there should be one registry law for the whole State, imposing equal conditions and restrictions everywhere, and it should be the aim thereof to secure to every citizen his right of suffrage, free from intimidation, corruption, or onerous exactions; while the corrupt use of money in elections should be severely punished, and every guaranty established by which illegal voting may be prevented.

FEDERAL CENTRALIZATION.

In this connection it may not be improper to allude to the fact that there is a manifest disposition in some quarters to encourage a movement to vest in Congress the control and regulation of suffrage in all the States. This is another step in the direction of centralized power in the General Government—a power to control elections—which would enable dangerous and unscrupulous men, who might obtain possession of the National administration, to hold it indefinitely, even against the real will of the people. It is very certain that purity of elections in States cannot be secured by transferring the direction or control of them to the authorities at Washington. There can be no purity in the General Government unless it exists first in the States and in the people. The founders of our Government

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never contemplated the interference of Congress in this matter. They expressly guarded against it.

By the Federal Constitution "the times, places and manner" of holding elections for Senators and Representatives are required to be prescribed in each State by the Legislature thereof; but it is provided that Congress may at any time make or alter such regulations except as to the places of choosing Senators. This authority to prescribe regulations as to "the time, places and manner" of holding elections, was contested at the adoption of the Constitution as vesting in Congress too great a power, which might be exercised so as to defeat the just rights of the States to representation—but it was argued that it was a power which never was intended to be, and probably never would be, employed, except when the States might attempt to break up the government by not sending representatives, and then only for national self-preservation. But the question of suffrage was wisely put beyond the control of Congress, and it was provided that "the electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State Legislature." This settlement of the right of suffrage was regarded "as a fundamental article of republican government." The question of suffrage is thus withdrawn from the capricious or more dangerous interference of Congress. It is not left to legislative discretion in the States, but is fixed by the State Constitutions, and here, I think, every reflecting mind will conclude that it may be wisely and safely left.

NATURALIZATION AND CITIZENSHIP.

There is also a disposition manifested to place obstacles in the way of the naturalization of citizens. While in the southern States the right of free and unrestricted suffrage has been suddenly conferred upon large masses of men, who have never before exercised it, or discharged any other of the duties of citizens, it is now suggested that new restrictions be imposed upon the enjoyment of this high privilege by immigrants who seek to be clothed with the rights of American citizenship. Movements have been already made for depriving the State courts of the power of naturalization, and to confer this power exclusively upon the courts

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of the United States, and upon commissioners to be appointed by Congress. It would be impossible for the judges of the United States courts, by reason of the pressure of their judicial duties and the few places in the country at which the sessions of their courts are held, to extend the necessary facilities to those entitled to become citizens. The whole business would necessarily devolve upon the partisan commissioners created by Congress, holding no responsible official relation to the judiciary of the country or of the States. Thus naturalization would become more a matter of favor than of right. The power is now exercised by judges in the different States representing all shades of political faith, and if there be any abuses now they can be remedied under the existing jurisdiction, and they are far less than those which would result from the transfer of this power to any body of officials not chosen for their judicial qualifications, not exercising judicial functions in other matters, and created by one central authority representing necessarily a political party. These movements indicate a tendency on the part of their supporters to obstruct and hinder naturalization, and thus to discourage the renunciation, by men from other countries, of their allegiance to foreign governments in order to become faithful citizens of our own. Can this policy be a wise one? All good citizens will certainly favor such legislation as may be necessary to check or to punish frauds in naturalization. But the interests of our State and country, peopled from their origin by and owing so much of their greatness to men of foreign birth, and to which the tide of immigration so incessantly and rapidly flows, demand that additional rather than diminished facilities should be extended to all those of good moral character and of undoubted devotion to our institutions, who, having chosen their homes among us, desire to assume the duties and responsibilities of citizens.

We must not forget that during the late war, when our country needed them to fight the battles of the Union, we extended to them the privileges of citizenship after one year's service and an honorable discharge, as one of the rewards for their fidelity to the government. Now, in the time of peace, their services are quite as valuable in developing the resources of our new terri-

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tories and of the Southern States, and in assisting, by their industry and toil, to work out a practical solution of the great problem of reconstruction; and every inducement should be extended to them.

CONCLUSION.

Few questions of principle or policy will be presented for your consideration, towards the decision of which precedent or experience will not furnish you an accurate guide, or at least effective aid. We need only, to the discharge of our trusts in our respective departments, grave, responsible and numerous as they are, an earnest spirit, a constant and vigilant regard for the public interests, and an unceasing watchfulness in maintaining the integrity, honor and dignity of the State. With these we cannot fail to meet the just expectations of the people.

But beyond the limits of our jurisdiction, there are questions and principles of far wider significance than those which engage our official consideration; which appeal to us as citizens of a common country; which press upon the people in the form of unequal responsibilities; and in which we all have a deep and abiding interest. I allude to the national issues which await solution. I do not intend to refer to them in a partisan spirit, or to discuss them at length. These issues have presented new and difficult questions of government, of finance and taxation, resulting from the rebellion, and we are without guides in previous history, to lead us to their determination. Nearly four years have elapsed since the close of the rebellion, and the Federal authorities have had unrestricted power to re-establish civil government in the States rescued from sedition, and restore to their people peace and the motives to industry; and yet how little has been done towards these ends!

Had they been attained, the South would now be enabled to bear its share of the taxation entailed by the war, and the North relieved of its unequal responsibility, while the whole country, resuming its former commercial relations, would be so far advanced in prosperity and power that in a few years our financial troubles would cease to be the subject of anxiety. Instead of securing these results, Congress has directed its efforts to the

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suppression of representation, and the subversion of republican government in States, prolonging the subserviency of the civil to the military power, and postponing the return of peace. The people, at the late election, have chosen by their suffrage the Chief Magistrate, to whose guidance they are willing to commit the destinies of the country, and the settlement of the issues which disturb it. These questions do not belong to party, but to the whole country; and it should be our earnest prayer that he who has been thus chosen shall prove equal to the great trust with which he is charged.

Party organizations must be kept up as the means of preserving great principles and maintaining the integrity of the government and the liberties of the people. The majority of the citizens of this State who opposed the policy of the present dominant party in the country and the election of its candidate for the presidency, adhere firmly to their views of public policy, the adoption of which they believe will afford the earliest and best settlement of the great questions which now distract us. They will, however, lay aside all merely partisan considerations, and join in a common spirit of magnanimity and patriotism in sustaining any administration of the federal government in every earnest effort which it shall make to restore its credit, to maintain the public faith, to re-establish the authority of the Constitution, to unite all our people in amity and concord, to give peace and prosperity to all sections of the Union and to assert, among nations, the honor of our flag and the rights of those who claim its protection.

There is a spirit of party intolerance growing up which not only arrays men in bitter political hostility, but which creates personal hatred through mere differences of opinion. It follows the elected representatives of the people with detraction and misrepresentation, and impairs their usefulness in the discharge of important trusts involving the public welfare. I consider this a dangerous evil. Public officers, both federal and State, should be judged by and held responsible for their acts, and not prejudged by clamor and party intolerance; nor should they be intimidated by either. My duty is defined by the oath I have taken to execute the laws of this State and to support its Constitution and the

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Constitution of the United States. I shall endeavor to do it faithfully; and while I shall uphold and maintain the political doctrines and principles to which I am devoted, and assert and defend the rights of the State and of the people whose representative I am, I will, as the executive of this State, support the executive of the United States in every exercise of rightful authority, and in every patriotic effort for the welfare of our common country. The people will approve. War no longer claims offerings of lives and treasure; peace now demands the sacrifice of predjudices and passion.

JOHN T. HOFFMAN.

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STATE OF NEW YORK.

No. 2.

IN ASSEMBLY,

January 4, 1870.

ANNUAL MESSAGE OF THE GOVERNOR.

EXECUTIVE CHAMBER,
ALBANY, *January* 4, 1870.

To the Legislature:

By the Constitution, the Governor is required "to communicate, by message, to the Legislature, at every session, the condition of the State, and recommend such matters to them as he shall judge expedient." I proceed to discharge this duty.

STATE DEBT.

The total net amount of the State debt was, on the 30th of September [illegible]8, thirty-eight millions, eight hundred and [illegible]xty-four thousand, four hundred and forty-eight dollars and seventy-four cents.....	$38,864,448 74
It was, on the 30th of September, 1869, thirty-four millions, eight hundred and forty-eight thousand, thirty-five dollars and seventy-three cents	34,848,035 73
Reduction during the year, four millions, sixteen thousand, four hundred and thirteen dollars and one cent.....	$4,016,413 01
Of this debt, there was in existence before the late war, twelve millions, seven hundred and twenty-five thousand, two hundred and ten dollars and ninety-six cents.....	12,725,210 96

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The residue is the unpaid portion of the bounty debt incurred during the war, twenty-two millions, one hundred and twenty-two thousand, eight hundred and twenty-four dollars and seventy-seven cents $22,122,824 77

The Sinking Funds, at their present rate of application, will extinguish the entire State indebtedness within eight years.

INTEREST ON THE STATE DEBT.

I recommend that provision be made for the payment in coin, or its equivalent, of the interest on that portion of the State debt which was incurred before the late war, and of the principal thereof as it matures. It was contracted in specie, and the honor and good faith of the State forbid that either interest or principal should be paid in a depreciated currency. Failure to pay this interest in gold occurred first in 1863, and has continued to this time. This failure was bad faith and bad policy. The State has for seven years been repudiating a portion of its obligations, and I trust you will take prompt measures to save it from further dishonor.

The Bounty Fund Debt was contracted in our present currency, and the holders of the bonds claim nothing more than payment in the same.

RECEIPTS AND PAYMENTS OF THE STATE TREASURY, DURING THE LAST FISCAL YEAR, ON ACCOUNT OF ALL THE FUNDS, EXCEPT THE CANAL AND FREE SCHOOL FUNDS.

Balance in treasury on the 30th of September, 1868, seven hundred and forty-eight thousand five hundred and twenty-one dollars and forty-one cents $748,521 41

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Receipts of the year, seventeen millions, forty-five thousand eight hundred and twenty-six dollars and forty-four cents	$17,045,826 44
	$17,794,347 85
Payments of the year, seventeen millions, five hundred and thirty-two thousand, four hundred and thirty-five dollars and sixty-eight cents	17,532,435 68
Balance in the treasury on the 30th of September, 1869, two hundred and sixty-one thousand, nine hundred and twelve dollars and seventeen cents.....	$261,912 17

TAXES.

The State tax levied in 1869 was five and five-eighths mills, for the following purposes:

For schools.....	1¼ mills.
canals.....	⅜ mill.
general purposes.....	1¼ mills.
bounty debt	2¼ mills.

The whole amount of State tax levied was ten millions, four hundred and sixty-three thousand, one hundred and seventy-nine dollars and thirty-three cents ($10,463,179.33).

CANALS.

The following statement shows the condition of the Canal Fund in the last fiscal year:

Balance in treasury and invested on the 1st October, 1868, four millions, six hundred and ninety-eight thousand, nine hundred and twenty-two dollars and forty-four cents.....	$4,698,922 44
Received up to 30th September, 1869, six millions, one hundred and nineteen thousand, nine hundred and eighty-five dollars and seventy cents	6,119,985 70
	$10,818,908 14

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Paid during the year ending 30th September, 1869, six millions, nine hundred and sixty-three thousand, nine hundred and sixty-three dollars and fifty-five cents.....	$6,963,963 55
Balance now on hand, three millions, eight hundred and fifty-four thousand, nine hundred and forty-four dollars and fifty-nine cents....	$3,854,944 59

REVENUES OF AND EXPENDITURES FOR THE CANALS DURING THE LAST FISCAL YEAR.

Receipts from tolls, rents, interest on current revenues and miscellaneous, four millions one hundred and sixty-one thousand two hundred and eighty dollars and ten cents	$4,161,280 10
Payments for all expenses one million two hundred and seventy-eight thousand five hundred and seven dollars and fifty-two cents	1,278,507 52
Leaving a surplus revenue of two millions eight hundred and eighty-two thousand seven hundred and seventy-two dollars and fifty-eight cents...	$2,882,772 58

Which has been applied, in conformity with article seven of the Constitution, as follows:

Sinking Fund under section 2, one million, five hundred thousand dollars.....	$1,500,000 00
Sinking Fund under section 3, one million, three hundred and eighty-two thousand seven hundred and seventy-two dollars and fifty-eight cents..	1,382,772 58
	$2,882,772 58

For the details of the State debt and expenditures, the business of the canals, their revenues, expenses and condition, I respectfully refer you to the official reports of the Comptroller, State Engineer, and Canal Auditor.

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I need not repeat my general suggestions of last year in reference to our canals, and the special and important relations which they bear to the commerce and business, not only of our own State, but of the great northwest. It is the duty, as it is the manifest interest of the State to foster and protect them; more so now, even, than before the construction of the lines of railway which connect the western and northwestern States with the seaboard. These canals, built before the days of railroads, to facilitate internal commerce, to furnish a cheap and easy avenue of transportation for the products of our own and other States through the interior to the Hudson river, still form, as I have said in a former message, an indispensable link in the chain of water communication which continues to be of great power and value, notwithstanding the improvements in the method of land transportation. Properly managed, they will not only serve the original purpose of their construction, but will act as a check upon exorbitant charges of railroad corporations, and thus keep down the price of transportation for the various articles moving eastward and westward, to the mutual benefit of producer and consumer.

The necessity and value of water communication is as well recognized everywhere now as heretofore. Within a few days I have been applied to for information upon the subject for the guidance of public men in Europe, who have in view a system of canals on a very large scale, which shall connect Berlin and Dresden, and Berlin and Frankfort-on-the-Main, and other important points. At the request of the Governor of Iowa, also, I appointed, last autumn, delegates to a convention held for the pur-

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pose of promoting improvement in the navigation of the Wisconsin river; a work in which the people of this State have a deep interest, as it will make, in connection with our canals, water communication complete from the Mississippi river to the city of New York. Canals do not, as some say, belong to a past age, nor are they superseded and rendered useless by the construction of railroads. Both canals and railroads are essential to the full and rapid development not only of our own State, but of our great northwestern neighbors, whose interests and prosperity are so firmly interwoven with our own.

To the great grain-producing States of the west cheap transportation to the sea-board is a necessity, and especially so now when the prices of their products are low. It is no less necessary to the people of New York to have cheap transportation from the west; for our own agriculture no longer furnishes us with all the articles of food we require. Other States can compete with us for the great trade to and from the west by means of railroads; but they cannot in the traffic by canals, for they have not our advantages in the natural level of surface.

In affording water transportation at low rates through the length of our State we are contributing at once to our own prosperity and that of others. The business relations between New York and the States referred to have always been close; it is our interest as well as theirs that these relations should be maintained and extended. For their sake as well as our own every barrier to a full and free interchange of the products of their industry and ours should, if possible, be removed. Our canals were

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not constructed with the narrow view of levying a tax upon commerce, that the State might, thereby, make money; they were built for the purpose of affording facilities to the internal trade of the country. The tolls should, therefore, be put at low rates, and the canals be made free as far and as fast as is practicable.

In the administration of the canals, there should be a wise and prudent economy; but in regard to this great interest the State cannot afford to be parsimonious. The problem for solution is not merely what is cheapest for the time, but what is the best system for managing the canals so that the State and the people everywhere may realize, to the fullest extent, now and hereafter, the great advantages they were designed to secure. Experience has shown that they cannot, under existing laws, be so managed as to ensure the best results for the State or for those who are engaged and interested in the business of transportation. The contract system for repairs has proved a failure, and I renew my recommendation of last year that it be abolished.

Various objections have been and may continue to be interposed to other methods, and it may be difficult to secure an agreement in the Legislature upon any specific plan of management.

In view of this possibility and as the Constitution provides that the canals shall remain the property of the State and be under its management forever, I respectfully recommend that discretionary powers, to the fullest extent permitted by the Constitution, over the canals and everything connected with the working of them, be conferred upon the Canal Board, to the end that they

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may adopt the best practical plan or combination of plans. They are a constitutional body which it seems to me may be properly charged with such responsibility and duty. In their hands the State might be enabled to realize all the benefits of both the contract and superintendent systems, and be saved from the evils incident to either alone. They could establish and enforce such police regulations as would protect those engaged in navigation against the obstructions and delays to which they are now often needlessly subjected. They could contract for repairs when, in their judgment, it was most advisable, and they could have work done under superintendents when they considered the interests of the State would be thereby subserved. They could use what is good and reject what is bad in any system; and, knowing, as they are bound to know, the whole work and its necessities, could, through the proper officers, secure the best practical results, with the lowest possible expenditure.

It seems very certain that important reductions may be made in canal tolls. Every interest demands that such reductions should be made. I am informed that the Canal Board will recommend lower rates, and I ask the prompt concurrence of the Legislature.

The State Engineer will, in his report, recommend certain specific improvements. I ask for his recommendations your most favorable consideration.

EDUCATION.

I submit the following statement in relation to common schools, for the year ending September 30, 1869:

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Total receipts from all sources, including balance on hand at the commencement of the fiscal year	$11,310,852 22
Total expenditures	9,884,828 36

More than six millions was paid for teachers' wages, and nearly two and a half millions for school-houses, sites, repairs, and furniture. The exact figures will appear by the report of the Superintendent of Education.

There are in the State nearly one million and a half of children of school age, about a million of whom attended the public schools during some portion of the year; while one hundred and twenty-six thousand were attending private schools.

Six normal schools are also in full operation; the attendance on which, in the aggregate, amounts to four thousand two hundred.

The total number of public school houses is eleven thousand six hundred and ninety-eight; and the estimated value of these, with their sites, is more than eighteen millions of dollars.

These facts show the great proportions to which our common school system has grown. There may be defects in it, but taken as a whole, it commands and receives the hearty commendation and the cordial support of the great body of the people. Under our form of government, in which the voice of the people is so potential, the State has a direct interest in so educating the masses that they may intelligently understand their duties as citizens; and no tax should be paid more cheerfully than that which enables all, without reference to station or condition, to acquire the rudiments of a

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good English education. The Legislature should do all in its power to sustain and perfect a system which aims to accomplish this result.

The condition of the colleges and academies of the State will appear from the annual report of the Regents of the University.

STATE PRISONS.

The report of the Comptroller will show, in detail, the expenses and earnings of the several State prisons during the past year, and give the necessary explanations thereof.

There have been, during the year, mutinous disturbances among the convicts, and the expenses of the prisons continue to be largely in excess of the earnings. I renew the objections made in my last annual message to the contract system for the employment of the prisoners' labor. It is a vicious one and should be abandoned.

The discipline of the prisons has been seriously affected by legislation which has deprived their officers of nearly all discretion in regard to punishment. I think the chief officer of each prison should be clothed with the fullest discretionary powers in relation to the character and amount of punishment, subject to the restriction that it shall be inflicted only in his presence.

I submit to the Legislature that the subject of prison management has become one of very great consequence and demands earnest attention. More concentrated responsibility is needed, as well as protection against frequent changes of administrative officers. It is doubtful whether such results can be attained without an amendment of the Constitution making an entire change in the system.

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The commissioners appointed by me, pursuant to chapter 408 of the Laws of 1869, to select a site and submit plans for the construction and management of a State Penitentiary will, I am informed, make their report to the Legislature at an early day.

I have visited, during the year, all the State prisons, and given personal hearing to large numbers of convicts who desired to present applications for executive clemency. The total number of applications for pardon and commutation of punishment, presented personally or in writing, and examined by me, is about six hundred. Eighty-six pardons, and twenty commutations have been granted. A full statement of the names, and of the reasons in each case, will be transmitted to you hereafter.

SALT SPRINGS.

The quantity of salt inspected from the Onondaga salt springs, during the last fiscal year, was eight millions, five hundred and thirty-four thousand, six hundred and sixty-one bushels, a decrease of production, compared with the previous year, of two hundred and fifty-eight thousand, eight hundred and fifty-three bushels. The revenue for the year, from all sources, was eighty-five thousand, five hundred and thirty-one dollars and sixty-one cents; the expenses, forty-six thousand, three hundred and eleven dollars and fifty-nine cents; the net revenue received by the State being thirty-nine thousand, two hundred and twenty dollars and two cents.

INSURANCE.

The number of insurance companies subject to the supervision of the Insurance Department was, on the 1st of December, 1869, two hundred and sixty-two.

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Of these, many are incorporations created by other States or by foreign countries, doing business within this State.

The total amount of stocks and mortgages held by the department for the protection of policy holders of life and casualty insurance companies of this State, and of foreign companies doing business within it, is six millions, seven hundred and thirty-six thousand and ninety-two dollars. Of these, the value of four millions, sixty-one thousand, one hundred and forty-two dollars in securities is held for the protection generally of policy holders in life insurance companies of this State. For the protection of registered policy holders, exclusively, there are on hand securities to the amount of nine hundred and thirty-seven thousand dollars.

BANKS.

During the last fiscal year there have been returned, destroyed and canceled, by the Bank Department, $315,316 of the circulating notes of the banks of this State; of which amount $46,364 were the notes of incorporated banks, and $268,952 were the notes of banks organized under the general banking law. The amount of State bank circulation outstanding on the 30th of September last was $2,639,059, of which $1,396,903 were notes of banking associations and individual bankers, organized under the general banking law, and $1,242,156 were notes of incorporated banks. The whole of the former and $372,072 of the latter are secured by bonds and mortgages, Government or State stocks, and cash deposited with the Superintendent of the Bank Department, leaving but $870,084 of unsecured circulation

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outstanding, a large portion of which, it is presumed, has been destroyed, and the remainder is always redeemed on presentation by the representatives of the banks which issued the same.

The total amount of securities held by the Superintendent of the Bank Department at the close of the fiscal year was $3,058,156.94, of which $2,138,517.23 were held for banking associations and individual bankers, $394,260.73 for incorporated banks, and $525,378.98 for incorporated trust companies. A detailed statement of these securities will be found in the annual report of the Superintendent of the Bank Department.

Fifty-seven banks are now doing business under the laws of this State, but, of course, issue no circulating notes. Of these six have returned to the State system from the national, under the provisions of the enabling act of 1867. Several other national banks are reported as having in contemplation a similar change of organization.

One hundred and twenty-eight savings banks are now organized and doing business in this State, with an aggregate of assets exceeding $180,000,000. The magnitude and the importance of this interest seem to demand a more intimate guardianship and more careful supervision than is now afforded. An amendment to existing laws requiring or at least authorizing a personal examination of these institutions, under the direction of the Superintendent of the Bank Department, would, in my judgment, worthily supplement what has already been done in the direction of securing safety and efficiency in their management, and a full disclosure of their real

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condition for the information and greater security of their depositors. The subject is respectfully submitted to your favorable consideration.

MILITARY AFFAIRS.

The uniformed militia, designated by law "The National Guard of the State of New York," numbers 25,085 officers, non-commissioned officers and privates, and consists of

Three Regiments of Cavalry,
One Battalion of Cavalry,
Four Troops of Cavalry,
Three Battalions of Artillery,
Eight Batteries of Artillery,
Forty-seven Regiments of Infantry,
Three Battalions of Infantry.

The Legislature of 1869 authorized a reduction of the maximum force to 20,000. Three regiments have already been mustered out, and further disbandments are now in progress.

The report of the Adjutant-General, which will be transmitted to you at an early day, contains many valuable suggestions, to which I ask your favorable attention. He recommends, among other things, a transfer to county authorities of arsenals not necessary for State purposes; the substitution of breech loaders of the kind adopted by the War Department, in place of arms now in use, and a codification of military laws containing important amendments.

The State Military Agencies have, during the year, collected from the United States for back pay, bounties and pensions, and paid over to the several claimants,

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($14,829.22) fourteen thousand, eight hundred and twenty-nine dollars and twenty-two cents.

Fifty thousand dollars was appropriated by the Legislature last year to redeem certain certificates issued to the soldiers of the war of 1812. Twenty-six hundred and thirty-one of these certificates, exhausting the whole appropriation, have been examined and audited. There are, I have reason to believe, many families of these old soldiers, whose claims are yet unprovided for. They deserve your favorable attention.

The first division of the National Guard, in the city of New York, which numbers ten thousand men, feels seriously the want of a proper parade ground. It has been suggested that the Central Park Commissioners might be authorized to take lands in the vicinity of the park for the purpose; and it is believed by many that the additional taxable value conferred on adjoining property will compensate for the cost. I recommend this matter to your consideration.

CHARITIES AND ASYLUMS.

I refer you to the official report of the Commissioners of Charities, which will be duly transmitted to you, for information in detail of the operation of our several State charities. I recommend to your favorable consideration the claims of the unfortunate classes to whose relief the State asylums and other institutions are devoted.

I earnestly call your attention to the necessity of additional legislation for the benefit of the insane poor throughout the State. Their condition in the county poor-houses is deplorable. None are so helpless; none, for the most

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part, so friendless. They are often abandoned by their relatives, who, whatever their inclination, have not the means of giving them the care they need. No provision suitable to their condition and their wants can be made on a small scale. They require, generally, the discipline and the treatment which can be had only in large, well organized institutions, under the charge of men who have made this painful form of disease a special study. It is impracticable for each county to provide properly for the few sufferers of this class who are found within its limits. Their presence in the county poor houses is, from the inadequate care that can there be bestowed upon them, and from the cruel restraint which is often of necessity resorted to, demoralizing to the neighborhood. Interest, duty and charity demand that further provision be made at once for this unfortunate class. The State should provide asylums, with room for the poor thus afflicted who cannot be taken care of otherwise, and the authorities of each county should be required to send to them its insane poor, and to pay such sum for their support while in the State institutions as may be proper. The Willard Asylum, now in process of construction and in partial operation, will have accommodations for two hundred and fifty of this class, and the Hudson River Asylum, and the one to be erected in the eighth judicial district, will also, when completed, accommodate a limited number; but it is estimated that there are now more than fifteen hundred of insane poor in the State outside of the counties of New York and Kings.

It is probable that many of those who are classed

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among the insane poor are so harmless or so manageable that families and friends could take care of them if pecuniary aid were contributed toward their support. In such cases the superintendents of the poor should be authorized and required to pay to those who would assume their care such weekly or monthly stipend as should be necessary and proper. This would prevent the overcrowding of the State institutions, yet add nothing to the county charges.

In connection with the subject of insanity, I respectfully suggest that you will give favorable consideration to the application which will be made on behalf of the State asylum at Utica, for authority to appoint a special pathologist for the duty of making such investigations as seem to be now demanded by medical science. The reasons for this will be fully stated in the report of the superintendent of that institution, which will be transmitted to the Legislature.

THE NEW CAPITOL.

The money thus far expended on the new Capitol, according to a statement furnished me by the Comptroller, is one million three hundred and sixty-three thousand five hundred and forty dollars and fifty cents ($1,363,540.50), of which sum about one-half has been paid for land.

The appropriation made last year was expended before the autumn of 1869. It seemed to be clearly the interest of the State that the work should not be interrupted, so long as the condition of the weather permitted its continuance. An arrangement was made, therefore, with the

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consent of the Executive and the Comptroller, by which three hundred thousand dollars were advanced to the commissioners, and deposited with the Comptroller, to be drawn out on proper vouchers. I recommend that provision be made for the repayment of this advance and for carrying on this work during the coming year.

QUARANTINE.

The hospital on West Bank, in the lower bay of New York, has been finished. The structure to be used as a boarding station is near completion.

The report of the commissioners will furnish more detailed information, and also the statistics in reference to diseases which are subjected to quarantine.

The commissioners deem some further appropriation of money necessary, in order to enable them still further to strengthen the works under their charge. I recommend their suggestions to favorable and careful consideration.

IMMIGRATION.

During the past year the number of immigrants landed at the port of New York, was 260,000; showing an increase, as compared with the year 1868, of 46,314.

For more detailed information, I respectfully refer you to the report of the Commissioners of Emigration, which will be transmitted to you at an early day.

GENERAL AND SPECIAL LAWS.

At its last session I was obliged to dissent frequently from the Legislature in reference to bills limited in their application to localities or affording relief in special cases, when, as it appeared to me, the proper course

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would have been to amend the general laws pertaining to the subject or to pass new general laws. The Legislature, on the reconsideration which the Constitution in such cases imposes upon it, in every instance concurred in and sustained my views. Nevertheless, the statute book of 1869 contains 920 acts, and is almost as bulky a volume as that of any previous year. This multiplying of laws is a serious evil, and, in my judgment, unnecessary.

I recommend to you the careful examination of all existing general laws, with a view to ascertain what amendments are necessary in order to lessen the number of applications made at every session for special legislation.

An important amendment to the general laws was passed at the last session enlarging the powers of the boards of supervisors over roads and bridges and other matters in relation to which the Legislature has heretofore been called upon to pass many special acts. I submit, for your consideration, whether the legislative powers of the boards of supervisors over these and other subjects of strictly local interest may not, advantageously, be still further enlarged.

The rapidly increasing population of Westchester county and parts of Long Island, in the immediate vicinity of New York and Brooklyn, renders necessary the laying out of roads and avenues of a character which could not well be provided for in the general laws applicable to other portions of the State. Hence there are frequent demands upon the Legislature to create special

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commissions to take charge of such work. I recommend that a law be passed covering all such cases in these localities, which will render future applications to the Legislature unnecessary.

I recommend the enactment of a general law providing for the appraisal and payment of claims or damages arising or resulting from matters connected with the canals.

I recommend, also, the examination of the general law passed at the last session concerning savings banks, to the end that, if necessary, it may be amended so that special charters for these institutions shall not hereafter be requisite; and that no special bills for savings banks be passed at this session, unless the parties applying shall have complied with the general law of last session;

Also, that the general law for the organization of fire companies in towns be amended; it makes no provision for hook and ladder and hose companies;

Also, for your consideration, that the limit now imposed upon the amount of property permitted to be held by literary, musical and other societies be enlarged;

Also, some provision, by general law, under which churches and societies may alter their names, without coming to the Legislature for authority to do so in every special instance.

I also recommend the careful examination of the general laws for the incorporation of villages, to the end that a form of charter may be provided under which the needs of every municipality of that grade may be met, and that applications for special village charters, and for

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amendments to charters, may no longer be necessary. I also recommend that all existing village charters be, by the provisions of the act suggested, made to conform to the general model of the proposed perfected law. The charter of the village of Owego is to be found complete only by reference to fourteen separate acts of the Legislature, passed at as many separate sessions. A fifteenth amended charter was proposed last session, but failed to obtain the executive approval. There seems to me to be no reason why village charters should not be, like our town governments, uniform in character.

I recommend that all laws which have been passed, conflicting with the principle of uniformity in town governments, such as those which, in special instances, permit the votes for town officers to be taken by election districts, instead of in town meeting, be repealed.

There is a defect in the law providing for two justices of the peace to sit as justices of the sessions and of the court of oyer and terminer. Section 40 of chap. 280 of the Laws of 1847, provides that in case of absence of any justice of the sessions from any sitting of the court, or in case the office of any of the two justices of the peace who have been chosen justices of the sessions shall be vacant, the county judge may designate some other justice of the peace to act. Section 35 of chap. 470 of the Laws of 1847, so amends the first named section as to leave no provision for appointment in the case of a vacancy. In a recent instance, by reason of this omission, the court of sessions could not be organized. I recommend the immediate passage of an act to remedy the defect.

I deem it unnecessary to present arguments in support

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of these several recommendations, believing that the mere statement of the propositions will secure for them the approval of the Legislature.

CONSPIRACY LAWS.

A statute of this State declares it to be a misdemeanor for "two or more persons to conspire to commit any act injurious to trade or commerce." Such a conspiracy, if it assumes a magnitude which seriously threatens or affects the public welfare, deserves and should receive its proper punishment. This statute, however, has for the most part, since its adoption, more than forty years ago, been of little practical value. I cannot find, after a careful examination, that its provisions have ever been successfully invoked against capitalists or others for combining to raise the prices of grain, coal and other articles necessary for the comfort of the whole people, or to reduce the rate of wages. It has however been evoked on several occasions against and been by the courts construed to apply to journeymen and others for combining to raise the rate of wages, or to make and enforce regulations which they deemed necessary for their mutual welfare. Cases have recently occurred in Westchester county where the law has been enforced against persons engaged in the last named combinations. I do not believe that the existence of a statute which can be so construed as to make such acts criminal is productive of any public benefit. I do believe it to be productive rather of public evil. Like all other laws which from their nature are likely to be executed unequally, it operates, when it operates at all, oppressively.

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I recommend therefore a repeal of this conspiracy law, or such a modification of it as, while it forbids a conspiracy to injure the general trade and commerce of the State or country, will do away with that judicial construction which makes it equally criminal for citizens to combine for the purpose of securing an increase of the wages of labor, or of establishing and maintaining prudential regulations for their mutual interest and protection.

INJUNCTIONS AND RECEIVERS.

I recommend also the passage of a law forbidding the granting of injunctions or the appointing of receivers in cases affecting monied and other corporations on *ex-parte* applications. I think it would be far better even that the writ of injunction should be abolished altogether than that it should continue to be the cause of the unseemly collisions between judges, which have been frequent for some years past.

APPRENTICE LAWS.

I am informed that application will be made to the Legislature for a revision of the laws relating to apprentices. One of the complaints against the existing statutes is that, while they impose severe penalties upon apprentices for violation of the provisions of their indentures, they do not afford sufficient protection to the apprentices themselves. It is claimed, and with justice, that the employer should not only be bound to thoroughly instruct his apprentice in all the mysteries of his business and calling, but that proper penalties should be imposed upon him for violation of this duty. The State should make due provision for the enforcement of

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all contracts affecting persons under age; and it is the interest of the community to secure the greatest amount of skilled labor in all mechanical occupations. I recommend the whole subject of revising the apprentice laws to your prompt and careful consideration.

REVISION OF STATUTES.

I again invite your attention to the importance of a revision of the statutes of this State. During the first forty-eight years of our history, the Legislature provided for four different revisions. The last act for that purpose was passed on the 21st of April, 1825, and the last revision was completed in 1828. Since that time a new Constitution has been put in force; the State courts have been reorganized; a new system of practice has been adopted, and many acts have been passed, materially affecting the provisions of previous laws. These changes, so numerous and important, and extending, as they now do, through at least fifty volumes, create great difficulty, and sometimes uncertainty, in ascertaining the exact state of the law.

A new revision, by which all laws of a general nature shall be collected together and the various acts relating to the same subject arranged and consolidated, is greatly needed.

NEW JUDICIARY.

The amended Constitution proposed by the Convention which closed its sessions February 28, 1868, was submitted to the electors at the last general election, pursuant to chapter 318 of the Laws of 1869, and that portion known as the Judiciary Article was adopted.

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It will be the duty of the Legislature to pass the necessary laws to carry into full working operation this article, which becomes the sixth article of the Constitution of the State, and I recommend that it be done as early in the session as may be practicable.

REGISTRY AND ELECTION LAWS.

I respectfully call the attention of the Legislature to the want of uniformity in the registry and election laws of the State. All laws relating to elections should be uniform in their principles, and general in their application.

The open and corrupt use of money at the polls and elsewhere to control elections is a great evil and demands your earnest attention. The laws which aim to secure the people in their right of speaking through the ballot-box should be stringent and rigorously enforced. They should not embarrass the electors, yet they should guard, with the greatest care, against frauds at the polls or in the canvass. The Legislature should spare no efforts in this direction. It is to be feared, however, that no laws, though carefully and skillfully devised, can protect the purity of the ballot-box, unless your legislation can reach what is the fundamental evil: the corrupt use of money in elections.

In considering this subject, it must not be overlooked that grave doubts are expressed by very intelligent men, whether our present registry laws, while they oftentimes embarrass honest voters, are, in any material degree, effective for the prevention of frauds; and there are many who believe, after a fair and full trial of them, that far better results would be attained by providing everywhere

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for the establishment of smaller polling-districts and the full and free exercise of the privilege of challenge on the day of election. The subject is of the greatest importance and demands your earnest consideration; for the whole system of our government depends upon maintaining and preserving the purity of elections.

CRIMINAL LAW.

There are frequent cases of murder, as the crime is now defined, in which the jury are unwilling to convict, because of so little deliberation in the act, that they think it does not deserve the punishment of death. They acquit or find a verdict of manslaughter in some inferior degree; or they convict of murder with a recommendation to mercy, and so throw upon the executive the responsibility of deciding whether the death penalty shall be enforced. A simple change in the statute would, in my judgment, secure a far better administration of criminal laws and a more certain punishment of crime than is now attained. I earnestly renew the recommendation made last year, that express provision be made by statute, that in all cases of murder, where the degree of premeditation or the circumstances attending the homicide do not, in the opinion of the jury, justify punishment by death, they may render a verdict of murder in a less degree, to be punished by imprisonment for life or for a term of years, in the discretion of the court.

By existing provisions of law, courts of sessions have the power, in cases of conviction by them, to grant new trials upon the merits, or for irregularity, or on the ground of newly discovered evidence. I recommend that the same power be conferred upon the Oyer and Terminer

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or upon the Supreme Court in cases of conviction by the Oyer and Terminer.

I also suggest, for your consideration, whether it would not be well to abolish, as has been done in England and in some of the States, the common law rule which forbids the trial of an accessory to a felony until after the conviction of the principal offender. It often operates to screen guilty men from punishment, and so to defeat the ends of justice.

EXCISE LAWS.

In my last annual message I recommended the repeal of the Metropolitan District Excise Law for the reasons, among others, that it was local and not general, that its provisions were unnecessarily harsh, needlessly violated private rights and unduly interfered with the social customs of large numbers of sober, temperate, law-abiding citizens, whose enjoyment of such customs did not prejudice general morals or public order. This law also authorizes arrest without warrant; and under its operation a system of espionage has grown up as degrading to the police who are compelled to carry it out, as it is to the people who suffer from it. For these reasons I again recommend its repeal.

Excise laws should be uniform in principle, and general in their application throughout the State, regulating the sale of intoxicating liquors under due restrictions as to time and place, aiming to secure order and decorum on every day of the week, fully recognizing the general sentiment prevailing in favor of a proper observance of Sunday (as has always been done in the statutes of the State from the earliest period of its history), yet free

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from the intolerant provisions which characterize the present Metropolitan District Law, and which are wholly unnecessary to the attainment of these ends.

Boards of excise should consist of, or be appointed by, some local authority. I recommend the abolition of the county boards as now organized throughout the State, and the substitution of local boards, to be composed of the supervisors and justices of the peace of the several towns. This was the old system under the Revised Statutes, and it has not, in my judgment, been improved upon by the subsequent legislation. In villages, the board might properly consist of the president and board of trustees, and in cities be appointed by the mayor.

COMMISSIONS AND CITY GOVERNMENTS.

The Constitution of 1846, recognized, for the purposes of local government, counties, cities, towns and villages, and no other territorial divisions, and provided that the officers thereof should be elected by the electors of such counties, cities, towns and villages, or of some division thereof, or appointed by such authorities thereof as the Legislature should designate. This provision was intended to secure the right of self-government in local affairs against any possible encroachment or violation. For the purpose of evading it, the Legislature created new districts (so-called), made up of two or more adjoining counties, and established within their limits various independent boards and commissions, in which all powers relating to police, fire, excise and health, or some of these subjects, are vested, and the members of which commissions are not elected by the people of the localities or appointed by the authorities thereof. The constitution-

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ality of this legislation was affirmed by the Court of Appeals; although it is hardly denied that it is an evasion of the spirit of the Constitution. The effect was in every instance, practically, to give to the political minority in the districts the power, through the central authority at the capital, of governing the majority.

It cannot be denied that there were evils in municipal governments existing at the time, which were seized upon as a pretext for this extraordinary legislation. The intelligent sentiment of the community to-day declares that such legislation was unwise, and that the true remedy for the evils complained of was not in laws of the character mentioned, but in a thorough reorganization of municipal governments upon sound principles. I have always been opposed to the laws referred to, and have recommended, and do now recommend, their repeal, and a thorough revision of the charters of the cities embraced in any of these districts, in order to insure an early return to the system of local self-government as guaranteed by the Constitution. Existing charters are radically defective, inasmuch as there is an almost entire absence of executive power in the mayor; and, as I said in my last annual message, no good government can be secured to any great city unless it shall have a responsible head, in whom shall be vested all executive power, and to whom, as the elected representative of the people, all departments charged with administrative duties shall be directly and summarily responsible and accountable. I believe this to be the very foundation stone of a good structure of municipal government.

This subject is one in which the people of the whole

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State feel a deep interest, and in regard to which they will expect prompt and judicious legislative action.

EARLY LEGISLATION.

It is the practice to submit the annual tax levies of the city and county of New York to the Legislature for approval. For many years past the consideration of these and of the several appropriation bills for the State government has been delayed until a late period of the session. The Executive is, by this delay, practically deprived of the opportunity to present objections, if any he has, to the provisions of these important bills, to the end that, if his objections, upon reconsideration by the Legislature, be deemed valid, the bills may be amended. Not only these but many other bills of great importance were, last year, presented to me at the very end of the session, so that no alternative was left to me but to approve, notwithstanding some objectionable details, or disapprove the bills and let them fail to become laws, at great public inconvenience. For these reasons, I recommend that the city and county tax levies, as well as all bills appropriating moneys for the support of the State government, be taken up early in the session; and also that the consideration of other bills of great general importance be postponed no longer than the state of public business makes necessary.

I have now, as far as it seems to me necessary, presented to you facts and suggestions connected with the condition of our own State.

Our especial duty is to promote the public good, by laboring to secure a more prudent, honest and economical home government.

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Recognizing the goodness of God, grateful to Him for all His mercies, acknowledging our dependence upon Him, looking to Him for wisdom and guidance, trusting Him to lead us through all the dangers which beset us, let us all, in our respective spheres, labor to secure to the State and to the country substantial prosperity and real and enduring peace.

FEDERAL AFFAIRS.

The people of this State are deeply concerned in a wise administration of federal affairs. As representing them, I believe it to be my duty, before closing this message, to call attention to, and to protest against, whatever, in the policy of the general government, strikes at their commercial and agricultural interests, or is, in any way, prejudicial to their welfare.

I protest against the revolutionary course of Congress with reference to amendments of the Constitution of the United States; by which, among their other efforts at centralization, they seek the absolute control of elections in the States. Powerless themselves to amend it by direct act, and unable to procure the voluntary consent of three-fourths of the States, they force the consent of the Southern States as a condition to representation, and thus override and nullify the will of others, whose proper relations to the federal government have never been interrupted, and whom they cannot constrain.

I protest against the action of both Congress and the President of the United States in subjecting the people of Georgia anew to military power, their State government being in full operation, and the restoration of their constitutional relations with the federal government hav-

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ing been recognized by the federal authorities as complete.

I protest against the longer exclusion, from representation, of any of the States; if any one be excluded, the rights of all are unsettled, and the harmony of our government is destroyed.

TARIFF.

I protest against the favoritism of our present tariff laws, which have virtually destroyed American shipping and which bear oppressively upon the masses of the people and especially upon the great agricultural States, between whom and our own State the relations are close and intimate, and upon whose prosperity and freedom from unjust exactions depend largely the welfare of the whole country, and its ability to defend its honor and pay its debts. I protest against postponing, as has been suggested by the President of the United States, the revision of these laws. The evils connected with them are already of long continuance, and immediate relief is required.

Our taxation for the accumulated responsibilities and present cost of the federal government is heavy; its weight will be felt the more severely now that low prices for our agricultural and other products are likely to prevail. The people submit cheerfully to all taxes necessary for the support of the government and of its credit. They have a right to demand, however, that the burden of a very heavy taxation shall be fairly and equally adjusted, and so adjusted as to interfere as little as possible with their daily comfort. It is the direct interest of the people at large that they shall be able to buy cheaply whatever

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they have to buy. Our present tariff of duties on imports compels the many to pay high prices for the benefit of a few. Although enacted during the great need of the government, it was, nevertheless, framed, not for the one great end of giving the federal treasury the largest income, but with the view of favoring certain special private interests. No government has a right to tax, except to obtain its necessary revenue. To impose taxes upon articles of daily need for the mere purpose, by increasing their price, of favoring the capitalists engaged in their manufacture or production is an abuse of the taxing power. So long as laws are enacted upon this principle, powerful combinations will be formed among those whose special interests are to be beneficially affected by them, to push through schemes which favor their private business, regardless of the interests alike of the people and of the federal treasury.

Laws of this nature tend to the building up of monied monopolies, to the aggregation of capital in few hands, and to the creation and strengthening of an illegitimate influence to which Congress becomes more and more subject. In enforcing duties intended to be prohibitory, an extraordinary and very costly body of officials is made necessary, the temptation to smuggling and fraud is increased, and official delinquency is made common; evils which would be avoided, while the revenue would not be decreased, by a return to the simple duty of government, and to moderate imposts.

To make a just tariff of duties the principle of favoritism should be abandoned altogether. If the principle be admitted, no limit can be placed on the abuses under it.

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GENERAL FINANCES.

I protest against the continuance of a financial policy which fails either to strengthen the public credit, or to diminish the people's burdens; which keeps values uncertain and unsettled; which baffles business foresight; which, while permitting the sale of government gold, leaves the country subject to all the evils of an irredeemable paper currency; which threatens to withdraw from the people what is now in use as money before providing a substitute; which, undefined in character and variable in action, exposes the business of the country constantly to the chances of disastrous panics; which seeks to exert a fluctuating control over the gold market, instead of making steady progress towards permanent soundness in financial condition; which can suggest no method of meeting the legal tender promises, except to get them back from the people by a process of contraction both painful and dangerous; which neglects to redeem the legal tender notes held everywhere among the people, yet, with the proceeds of excessive taxation, purchases, at a premium, bonds that the government is under no obligation to pay for nearly fifteen years; which saves a few millions annually in interest on the bonds thus purchased, when, by raising the credit of the country to its proper level, many millions more could be saved by the negotiation of a new loan at a lower rate of interest; which assumes that the rate of interest on our bonds can be lowered at the sole will of the borrower, or that capitalists who now hold bonds paying six per cent interest in gold, can be persuaded to exchange them voluntarily for bonds bearing

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only four and a half per cent; which, failing to devise a permanent financial system to which the business of the country could, without undue sacrifices, conform, substitutes a series of experiments that entail losses upon individuals, without contributing to the general good; which suggests no remedy for the fluctuating value of the legal tender notes, except that the government shall redeem these promises at a price fixed by itself, which is to be less than their face, or, in other words, repudiate so much of its obligations; and which, by failing to secure the confidence of the capitalists of the world, keeps the government securities below par in gold everywhere, when in view of the vast resources of the country they should, even at five per cent interest, command a premium.

We are enduring great evils from our irredeemable currency. The financial panic, which occurred in New York in September last, threatened, for a time, widespread disaster. A very little increase of the then prevailing distrust might have thrown the whole business of the country into confusion. That panic would not have been possible but for our having in use as money something which, lacking the intrinsic worth of the precious metals, must depend, for its current estimated value, upon the caprices of opinion.

Money of shifting value is a curse to the great body of the people. It renders the rate of wages delusive, counteracts and defeats the economy of the household, and makes the savings of labor, laid up at the cost of much self-denial, of uncertain and variable value. If we would avoid discouraging regular industry, and fostering, in its stead, a spirit of speculation, the money which we

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use to denote the value of what we have to buy and sell every day, and in which we fix the rate of wages, must be constant in its own value, and not liable to capricious fluctuations.

It is a misfortune that we ever departed from the use of the money of the Constitution. Sooner or later we shall be obliged to go back to it. We have before us the alternatives of returning to a sound condition by wise and prudent efforts of our own, or of awaiting the possible advent of a financial panic of greater intensity than any we have yet witnessed, and a return to specie payments, at the cost of great and protracted suffering, by the operation of self-enforcing laws which are above our control.

I do not believe that any contraction of the legal tender currency is necessary in order to reach specie payments. The amount of such paper is limited, and it is not seriously depreciated. We have not, as some other countries have done, issued paper money without limit and to an unmanageable extent, making the depreciation of it so great as to render it almost worthless and its restoration to par hopeless. The whole sum of the legal tender notes, scarcely exceeds the amount of coin received in two years at our custom houses. The amount of legal tender notes afloat on the 1st of December last, was, including fractional currency, $395,000,000. The present annual gold income of the treasury, from import duties, is $180,000,000. With the abundant resources of the federal treasury it ought to be, and it is possible, to leave this currency at its present quantity, and yet put it, at no very distant period, at par; and

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thus to give settled prosperity to the people and save them the distress which will attend contraction.

After the peace of 1815, England returned to specie payments by contracting the volume of her paper money. She had no other means of reaching the result. She was not, as we are, a gold producing country; and was obliged therefore to curtail her paper currency so as to force gold to flow in to her from abroad. In consequence of this policy, the trade and business of her people were crippled, general distress ensued, and immense numbers of those who lived by wages were deprived of their proper employment and condemned to idleness and want. The ten years from 1815 to 1825 was a period of fearful suffering in England and of repeated and most disastrous financial convulsions. We should take warning from her experience. We have no occasion to force gold into this country from abroad. We produce it largely at home, and all we need to do is to retain enough of our own product to effect our purpose.

The government is as much bound to pay its legal tender notes as its bonds. I am for paying both in full, and against the repudiation of any portion of either.

The legal tender notes are promises of the government to pay money, that is, gold coin, on demand. They are in the pockets of the laborer and the farmer, in the tills of tradesmen, in the vaults of the banks as a part of and as security for the deposits of the people, which deposits constitute available capital essential to daily business.

The federal treasury, in the hour of its need, forced this irredeemable paper on the people; it is a matter of simple duty, now, in the time of its abundant resources,

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to redeem it. This paper displaced the coin which was before in use. The business of the country has adapted itself to the existing quantity of our present lawful money, and the people rely upon this legal tender paper wherewith to pay all ordinary debts; it is the substance, too, in which bank notes are redeemed, and in which all that vast aggregate of indebtedness known as bank deposits is payable. On this paper, therefore, the whole structure of our internal business now rests; and upon its soundness is dependent the substantial prosperity of the people. It is bad faith to the people to lessen its quantity, or to take from it its legal tender quality, until it is paid.

When coin occupied the same place in our money system which is now held by the legal tender notes, any serious withdrawal, from whatever cause, of the gold then in use, from the general circulation, invariably produced financial trouble. The withdrawal of legal tender notes now must be followed by like trouble. The theory of those who advocate contraction, is that so soon as the legal tender notes shall have been reduced to $250,000,000, or some other theoretical sum, the government will be able to make this reduced quantity redeemable in coin, and so put the notes at par with gold. If it will be possible to put the lesser quantity at par by making it redeemable, it is obvious that, with a little more effort, the present quantity can be made redeemable and put at par; and this effort is due from the government to the people.

The federal government is bound to restore coin to the place which it formerly occupied in the business of

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the country, and from which the treasury, for its own convenience, displaced it. It should be ready to substitute coin in the general circulation before it undertakes to withdraw legal tender notes; otherwise the withdrawal of the paper amounts to an absolute destruction of so much of our stock of lawful money and, practically, of so much of the people's capital in the form of ready money. Such withdrawal would lessen everywhere the resources for paying debts, make all debts less secure, diminish confidence and render disastrous panics probable.

Two kinds of money of unequal value will not circulate together. The government, therefore, cannot make coin take the place, in general circulation, of any portion of the notes which may be withdrawn, until the notes are first rendered equivalent to coin. This can only be done by making them redeemable in coin on demand. And it must be borne in mind that this is all that is necessary to be done to restore general specie payments. The banks are not in a state of suspension; they redeem their notes and pay their other debts in the lawful money of the country; if that lawful money were to-day equivalent to coin, they would find themselves and all their customers paying specie without any effort on their part and without any distress. It is the government, and the government only, which has suspended payment; the legal tender notes alone, which are irredeemable. When the federal treasury is ready to redeem its legal tender promises in gold, as fast as the public are likely to present them, specie payments are thereby resumed, all over the coun-

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try, without further effort on the part of any one and without inconvenience to the people. Then, and not now, will be the proper time for taking in the paper; for such contraction can do no mischief. It will in fact be no contraction. The treasury may then cancel every note so soon as it is paid; for, gold and the notes being at par, the coin paid out of the treasury will enter into the general circulation in place of the notes redeemed; and no diminution of the stock of lawful money in use will be forced on the people.

The essential evil of our present lawful money is to be found not in its quantity, but in the fact that it is not redeemable; it is, for that reason, depreciated. A less quantity would as certainly be depreciated, if that less quantity continued to be irredeemable. Even a single note, issued by the government, or by any other debtor, without provision made for its payment, would become depreciated. The remedy which wisdom suggests is to make the notes redeemable, without pausing to discuss the question of how much money the people ought to have in use. In looking back, we see that when our money was good in quality, no apprehensions were felt that too much of it would be used. The government passed through its mint all the gold the people chose to have coined. Political economists and statesmen may speculate, as they do, as to how much money is necessary and proper for the business of a country; but this is a question beyond their wisdom. If the government will take care that the money it issues is good, the people will regulate the quantity to be used, by their needs.

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It is the special duty of the federal treasury, the issue of whose irredeemable paper has brought us to our present condition, to see to it that there is an ample supply of coin retained in the country so as to make the transition from our present currency to gold both easy and permanent. It seems obvious that this supply of gold should be in the federal treasury, which is responsible for the only irredeemable paper now afloat, so that the coin may be ready, when the proper time comes, to flow promptly out of the treasury into general circulation in exchange for the notes redeemed.

The first great duty of the government is to make its legal tender promises as good as gold. Having thus established its credit, it will find no difficulty in negotiating loans at lower interest, and in managing its bonded debt. It cannot, any more than a private debtor, hope for high credit, while paying some debts and ignoring others.

It is a delusion to suppose that the payment of a few of our bonds before they are due materially helps the public credit; the treasury is not bankrupt as to its bonds; it is paying the interest according to contract, and the principal is not yet due; this is not the point where the public credit needs to be helped. The treasury is bankrupt on its legal tender notes; for a failure to pay a promise when it is due is bankruptcy. No debtor improves his credit by anticipating the payment of some of his obligations which are not due while he neglects to pay those which are due. Nor does the payment of the bonds before maturity tend materially to lessen the burdens of the people. Were we to cancel

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$100,000,000 of bonds in any year there would result an annual saving of interest of $6,000,000. If, on the other hand, we could reduce the rate of interest on our loans by only one per cent, we should, thereby, effect, at once, a saving of over $20,000,000 a year for the whole time the debt may run. Moreover this payment of the bonds before maturity can be made only out of surplus revenue; that is to say, by keeping up taxation to a point far beyond the actual needs of the government.

We must not forget that financial laws are self-created, out of the circumstances existing at the period; they cannot be constrained by legislation. We shall be most likely to avoid trouble by seeking the natural solution of our present difficulty; which natural solution is, as it seems to me, that the power which issued the irredeemable paper, under which we now suffer, should get ready to redeem it.

Spasmodic sales of gold from the treasury impart no additional worth to the legal tender notes. Confidence in ability to meet obligations is the only source of solid credit as well for the treasury as for other debtors. Increasing public confidence in the growing ability of the treasury to meet the notes in coin would operate not merely to affect, from day to day, as these sales do, the speculative price of gold, but towards the recognition of a greater intrinsic value in the legal tender note, and so to make the possible range of gold speculations narrower.

It is obvious that sales of gold out of the treasury cannot have the effect of bringing legal tender notes actually and permanently nearer to the value of gold; for it would be absurd to maintain that the treasury, any more than

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any other debtor, can, by parting with coin, make its promises to pay coin more valuable. The treasury sales of gold have simply the effect which is always produced by throwing upon any market a supply of an article for which there is, in that market, a limited demand. All debts, with rare exceptions, being now payable in legal tender notes, the need of gold for use in business is not general, and therefore the demand for it is confined to a few, and is a very limited one. In a market so situated, a very temporary and small over-supply may depress it much below its true and correct value as compared with legal tender notes; which depends, obviously, on the prospect of the notes being paid in coin. Derangement of business is as certain to follow the artificial depression of gold below this true value as its elevation above it. Such a depression cannot be relied upon as lasting; nor does it afford any guarantee against great subsequent fluctuations. These treasury sales, while they do not improve permanently the value of the government paper, confound the most prudent calculations of business men.

I must not be understood as favoring any expansion of the legal tender currency. The government cannot at present pay the notes of this kind already issued. It would be utterly unjustifiable to put out any more of them.

The federal treasury is not warranted in taxing the people to keep up its present enormous surplus of revenues. If the country can be kept in a prosperous condition, every year of its growth will make the payment of the principal of the debt come easier. A moderate surplus beyond the interest on the debt and the expenses of

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government is all that is desirable or necessary to enable it to devote itself efficiently to the great, imperative duty of making its paper money good.

The moment the people see that the government is getting ready to redeem its paper by providing itself with the only means of doing it, the appreciation in the actual value of the legal tender notes will commence. It will continue and the progress towards a return of specie payments will be gradual, steady and certain. The very fact that the government is under a fixed and stable, and not an experimental and variable policy, preparing to redeem its paper, and will some day announce its readiness to do so, would narrow the range within which speculation in gold would be possible. The current value of the notes in the open market will indicate when the proper time has come for redemption; the government need not declare it in advance.

The most severe, cruel and ruinous method of contraction would be one that should put the value of these notes by regular gradation at a higher and higher rate from day to day or week to week, as is suggested by the President of the United States; or any method by which they should be converted or exchanged into interest bearing securities; for this would act rigidly and rapidly to take them out of circulation. Such a form of contraction would, I fear, not only inflict unparalleled distress upon the people, but endanger the credit of the government itself.

It is not necessary to discuss the propriety of the original measures, of which our present financial condition is the result. I simply consider the practical questions which

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present themselves, taking things as they are. It needs no great financial wisdom to see that the way to high credit is for the treasury to prepare itself to pay all its debts, as well its legal tender promises as its bonds; that high credit is the condition precedent to a lower rate of interest on government loans; that lowering the rate of interest on the loans will afford great relief to the people; and that no relief either to treasury or people can be expected from what tends to derangement or stagnation in the business of the country.

The earliest practicable return to the hard money of the Constitution is, therefore, desirable, as being, in every way, for the interest of the people; but this return should be made wisely, by a process which will not cost needless suffering, under a declared and fixed policy, intelligible to the whole country, and which will insure that the change, when it comes, shall be permanent. A rash attempt would, by its failure, make our condition worse than it is now. But no time should be lost in adopting measures which shall lead by prudent steps to the attainment, at no very distant day, of a result to which sooner or later we must come.

If the federal government does not try to accomplish an early return to the use of gold and silver, without spreading ruin among the people, it fails in its duty; if, with its abundant revenue, it cannot devise a method of doing so, it fails in wisdom.

JOHN T. HOFFMAN.

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ANNUAL MESSAGE

OF THE

GOVERNOR

OF THE

STATE OF NEW YORK,

TRANSMITTED TO THE LEGISLATURE, JANUARY 3, 1871.

NEW YORK:
THE NEW YORK PRINTING COMPANY,
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1871.

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GOVERNOR'S MESSAGE.

EXECUTIVE CHAMBER,
ALBANY, *January* 3, 1871.

To the Legislature:

THE favorable action of the Legislature, at its last session, upon many important recommendations made by me, has left very few questions of State policy to which it is necessary to call your attention.

General laws have been passed, through which much special legislation will be avoided. The conspiracy laws have been amended. A new revision of the statutes has been ordered. The registry laws (except in the city of New York) have been repealed. Important changes in canal policy have been made. The examination of numerous claims against the State, heretofore requiring a special act in each case, has been provided for by a single statute. The excise laws have been modified in conformity with the judgment of a majority of the people. A general law for the incorporation of villages has been enacted. The powers of the boards of supervisors of the several counties have been enlarged. Metropolitan, and other district commissions, which had absorbed the rightful powers of local governments, have been

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abolished. The management of their own affairs has been restored to the people of the great cities. The initiatory steps have been taken to secure a more just and satisfactory assessment of property for taxation.

These subjects engrossed, in a great degree, the time of the Legislature at the last session. The disposition then made of them having commanded the popular endorsement, the principles involved may be treated as settled. I am justified, therefore, in the hope that the present legislative session will be much shorter than usual. It will be a relief to the people if the volume of annual legislation be diminished; especially if they see that much of the diminution is due to the defeat of the private schemes which are so frequently thrust upon your consideration.

Although the people of this State are enjoying a fair degree of prosperity, they feel sensibly the heavy burden of taxation, Federal, State, and local, which rests upon them, and which, as heavy taxes always do, lessens their home comforts and interferes with their efforts to improve their condition. They watch closely their representatives, legislative and executive, in the administration of public affairs. They expect retrenchment of expenditures wherever it is possible, and have a right to demand that legislation be confined to its legitimate purpose, to wit, the equal protection of all and the promotion of the general good. They know that all the money drawn from the public treasury is taken out of their earnings; that there is in fact no public treasury except in the pockets of the people. Willing to be taxed for the legitimate purposes of government, they are not

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disposed to be parsimonious in contributing thereto; but waste, extravagance, and taxation for the benefit of private speculative enterprises, will incur their condemnation.

The tendency on the part of both Federal and State Legislatures, for many years past, has been to the making of laws for the benefit of a favored few, protecting and advancing special, at the cost of the general interests. Those who seek such legislative favors are always ready to put forward the specious argument that some public benefit is likely to accrue as a compensation for the private gain assured to themselves; but in too many cases the result is simply that new burdens are imposed on the people. This evil is one of great magnitude. Our government is a government by majorities; but it is a mistake to suppose that the governing power, even when vested in a majority, has a right to impose taxes upon the people at large for purposes of private benefit.

It is time to return, both in Federal and State affairs, to a full appreciation of the principle of justice to all, upon which our government is founded. Our country has passed through the struggles and trials of a great civil strife, and our people are rapidly forgetting the causes which engendered it, and the griefs and sorrows it produced. While the nations of Europe are convulsed by war, or stand in dread of it, a merciful Providence blesses us with peace. Gratitude to God, as well as our interest, demands that we shall cultivate, all through the land, the spirit of magnanimity, charity and patriotism; then, if wisdom shall inspire our counsels, we may easily throw off the burden which folly and

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evil passions have put upon us, and enter upon a new career of public and private prosperity.

TAXES.

The rate of State taxation this year is about seven and one-fourth mills. Nearly one-third of the tax is for the annual payment on our war bounty debt, required by the act creating it. Besides this, one mill was necessary to provide for obligations incurred and claims audited in former years, but for payment of which the Legislature then omitted to make appropriations. It was not a question of discretion, but a matter of State honor, that these claims, heretofore examined and audited by the proper officers, should be paid at once. They ought to have been paid before. This item will not appear another year. Five-eighths of a mill are levied to meet payments for work on the new Capitol. The two last mentioned items amount to about one-fourth of the whole State tax.

The new Capitol was begun under a former administration; it is for the people, through their representatives, to say how rapidly the work shall go on. It is manifest that the cost of this work will very far exceed the original estimates, and the limit imposed by law; to this I deem it my duty to call your special attention. The act conferring authority on the commissioners to erect a new Capitol (chapter 830 of Laws of 1868) explicitly provided "that they shall not proceed to the construction of the said new Capitol unless they shall be satisfied that the expense thereof shall not exceed, when completed, four millions of dollars." The sum of one million six hundred and three thousand seven hundred and fifty dollars and fifty-three cents ($1,603,750.53), (independent of six hun-

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dred and forty-seven thousand five hundred and sixty-five dollars and sixteen cents paid for land) has already been expended in the construction of the building; and the foundation only is completed. It is due to the commissioners to say that before they commenced the work they had estimates from skilled men which came within the limit of four millions of dollars; they claim also that the work above the foundation will be, proportionately, less expensive. It is nevertheless evident that the cost of the building, when completed, will be very greatly in excess of the first estimate.

It is for you to provide a remedy for this very unsatisfactory state of things. If the work is to go on, perhaps the plans might be so modified that a building of much simpler and less costly style could be erected on the present foundation, and yet all the accommodation needed by the State government be afforded. Nor do I see why, with the abundant space occupied, part of the proposed Capitol building should not be appropriated to an executive residence; this would be a saving to the State. If, on the other hand, the work is to be stopped or suspended for a time, this can be done with less loss and inconvenience now than at any future period in the progress of construction. A new Capitol is, unquestionably, needed; but unless the plans can be so modified as to insure that the cost will be very much less than it now promises to be, and not much in excess of the original limit, I recommend that the work be suspended, at least until our war bounty debt, which requires about three million of dollars of annual taxation, be paid.

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STATE DEBT.

The greater portion of the State debt consists of the war bounty debt, which will be extinguished within seven years through the annual taxes imposed by the act which created it. The unpaid portion of this debt amounted, on the 30th September, 1870, to nineteen million five hundred and eleven thousand three hundred and ninety dollars and forty-two cents ($19,511,390.42).

The residue of the State debt, amounting to twelve million eight hundred and ninety-seven thousand seven hundred and fifty-three dollars and eighty-four cents ($12,897,753.84), was in existence before the war, and was incurred in gold; it is to be satisfied, not from taxation, but out of the revenues pledged for its payment. No part of the principal will come due this year, and you will merely have to provide for the payment of the interest in coin, in accordance with the policy which the State adopted last year. The entire State debt was, on the 30th of September, 1870, after deducting the unapplied portions of the several sinking funds, thirty-two million four hundred and nine thousand one hundred and forty-four dollars and twenty-six cents ($32,409,144.26); a reduction of six million four hundred and fifty-five thousand three hundred and four dollars and forty-eight cents ($6,455,304.48) having been effected during the past two years.

SALT SPRINGS.

The quantity of salt inspected from the Onondaga salt springs, during the last fiscal year, was eight million eight hundred and fifty-one thousand two hundred and forty-seven bushels (8,851,247). This shows an

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increase of production compared with the previous year of three hundred and sixteen thousand five hundred and eighteen bushels (316,518).

Revenue for the year, eighty-eight thousand five hundred and ninety-nine dollars and ninety-seven cents	$88,599 97
Expenses, fifty-four thousand six hundred and eighty-eight dollars and ninety cents	54,688 90
Net revenue to State, thirty-three thousand nine hundred and eleven dollars and seven cents	$33,911 07

BANKS.

On the 1st of October last, sixty-one banks were doing business under the laws of this State; of which number twenty-seven have been organized under the provisions of chapter 475, Laws of 1867, or converted from National into State banks under that law. Thirty banks in all have been so converted or organized as new banks from National banks into State banks. Three of these are closed; one in consequence of failure after an existence of less than one year.

During the last fiscal year circulating notes to the amount of $288,925 have been burned by the bank department, and eight banks have been credited with lost circulation to the amount of $123,227, the time for redeeming it having expired.

On the 1st of October last the amount of circulation outstanding, charged to banking associations, individual and incorporated banks, was $2,253,937.50. Of this the amount of $779,297.50 consists of notes of incorporated banks in existence prior to the passage of our free banking laws, and for which no securities were required; and the sum of $1,474,640 is secured by deposits of bonds and mortgages, stocks, and cash.

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The total amount of securities held by the Superintendent of the Banking Department at the close of the fiscal year was $2,671,288.63, of which $525,378.98 was held for trust companies, and the balance, $2,145,909.65, for banks, most of them being banks of circulation.

One hundred and thirty-three savings banks, with total estimated assets of $220,000,000, are now doing business in the State. The number of persons having deposits, as represented by the number of open accounts on the 1st of January, 1870, was 651,474, against 588,556 the previous year. The total amount of interest credited to depositors during the year ending January 1, 1870, exceeded ten and a quarter millions of dollars. In the same period of time the assets of these banks were increased by the sum of twenty-six millions of dollars, and more.

In view of the magnitude of the interests involved in our savings banks, I renew my recommendation that full authority be conferred on the Superintendent of the Banking Department to examine their affairs and to apply proper remedies for mismanagement.

INSURANCE.

The number of insurance companies subject to the supervision of the insurance department, on the first day of December, 1870, is 275, as follows:

New York joint stock fire insurance companies	105
New York mutual insurance companies	10
New York marine insurance companies	9
New York life insurance companies	43
Fire insurance companies of other States	67
Marine insurance companies of other States	2

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Life Insurance companies of other States	30
Casualty insurance companies of other States	3
Foreign insurance companies	6
Total	275

The total amount of stocks and mortgages held by the department for the protection of policy-holders of life and casualty insurance companies of this State, and of foreign insurance companies doing business within it, is $7,412,567, as follows:

For protection of policy-holders generally, in life insurance companies of this State	$4,462,917 00
For protection of registered policy-holders, exclusively	1,559,650 00
For protection of casualty policy-holders, exclusively	26,000 00
For protection of fire policy-holders in foreign insurance companies	1,048,000 00
For protection of life policy-holders in foreign insurance companies	316,000 00
Total deposit	$7,412,567 00

STATE PRISONS.

The Comptroller's report will show, in detail, the earnings and expenses of the State prisons during the past year. The discipline in these institutions has been, on the whole, better than heretofore. Nevertheless, there is great need of further improvement in their management, financially and otherwise. As I said in my last message, greater concentration of responsibility is required; and this can, probably, be attained only by an amendment of the Constitution. I renew my recommendation that greater discretionary power be con-

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ferred on the chief officer of each prison in the matter of punishment.

Under the authority of chapter 427 of the laws of 1870, I appointed as building commissioners for the erection of the State prison or Industrial Reformatory established at Elmira, in Chemung county, Amos Pilsbury, of Albany, Charles C. B. Walker, of Corning, Abram H. Miller, of Oswego, and Stephen T. Arnot and Frank H. Atkinson, of Elmira.

These commissioners have visited the most important of the buildings recently erected for similar purposes in the eastern States; and Mr. Pilsbury, by their authority and on their behalf, has examined all newly-constructed prisons in Ohio, Illinois, and other western States. They have perfected the title of the State to the lands selected by a former commission for the site, and will be prepared to begin the construction of the building early in the coming spring, if the necessary appropriations be made by the Legislature.

The commission appointed by me, in pursuance of your concurrent resolution, to examine the subject of convict labor, consists of E. C. Wines and Thomas Fencer, of New York, and Michael S. Myers, of Auburn. A report from them may be expected during the present session.

I visited, during the past year, as I did the year before, all the State Prisons, and gave a hearing to every convict who desired to apply personally to me for pardon or commutation of punishment. More than a thousand applications for pardon and commutation of punishment have been presented to me, by the convict in person, or

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by written petition. Eighty-five pardons, thirty-four commutations, and one reprieve have been granted; a detailed statement whereof, and of my reasons in each case, will be hereafter submitted.

CHARITIES AND ASYLUMS.

I respectfully refer you to the report of the Commissioners of Charities for information upon the condition of the various State charities, all of which are recommended to your favorable and careful consideration. In some of the counties great improvements have been made in the management of the poor-houses. The pressing claims of the insane poor for better care than can possibly be given them elsewhere than at asylums specially provided for their form of human suffering, I again urge upon your attention. You will be called upon to make appropriations for enlarging the accommodations in the State asylums for such of the insane as have no means of support. I trust you will do whatever is needed to hasten the time when all of this class may be removed from the county poor-houses. I recommend also to you an inquiry into the condition of pauper children in the several counties, and whether some provision ought not to be made for removing them to proper asylums.

EDUCATION.

The general operations of the department of public instruction during the fiscal year, ending September 30, 1870, are shown by the following statistics:

Total receipts from all sources, including balance on hand at the beginning of the year..	$10,919,466 45
Total expenditures.....	9,929,462 92
Amount paid for teachers' wages.....	6,501,173 37

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Amount paid for school-houses, repairs and furniture	$1,980,546 70
The estimated value of school-houses and sites	20,417,329 00
Number of children attending the public schools	1,029,955
Number of persons attending the normal schools	4,734
Total number of school-houses	11,705

The money which we cheerfully pay for the purposes of general education is well and carefully applied, and the extent to which the opportunities afforded are made use of, proves how highly the people appreciate our common schools. I am sure the Legislature needs no recommendation from me to extend to our school system the most liberal encouragement.

STATE MILITIA.

The State militia, organized under the name of "The National Guard of the State of New York," numbers now over twenty thousand officers, non-commissioned officers, and privates. For details I respectfully refer you to the report of the Adjutant-General. The Military Code, adopted at the last session, has been received with approval by officers and men alike. I consider it of great importance that the State military organization should be generously sustained by the Legislature. To make it thoroughly efficient it should be armed with breech-loaders of the best quality and most approved pattern, and I recommend a suitable appropriation for that purpose. A further settlement of over six hundred thousand dollars ($600,000) of the war claims of this State upon the general government, has been effected this year.

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QUARANTINE.

The experience of the past year has furnished additional evidence of the security afforded to the public health by the proper administration of quarantine laws. Out of 365 vessels which arrived in the port of New York from ports infected with yellow fever, 107 had had cases of this disease on board, either in the port of departure or on their passage, or were found on their arrival here to have some of their crew or passengers sick with it.

The total number of cases on these vessels, as nearly as could be ascertained, was 470, out of which 112 died. Twenty-six cases from vessels under quarantine were admitted to the West Bank Hospital, only six of which proved fatal. In addition to these, eighty-three patients, prostrated with yellow fever, were admitted to the hospital from among the troops on Governor's Island, thirty-one of whom died. Thirty vessels have been detained at quarantine on account of small-pox, having an aggregate of over 18,000 persons on board, from among whom sixty-six patients, sick with this disease, were sent to the hospital on Blackwell's Island. Ten vessels have arrived, having ship-fever on board, with an aggregate of nearly 6,000 passengers, twenty-two of whom died with the disease on the passage, and forty others, sick with it on their arrival, were transferred to the Ward's Island Hospital.

These statistics of disease show the dangers to which we are exposed through our foreign commerce. Happily they have been so warded off, that, notwithstanding the intense heat of the past summer, the general health has not been disturbed by them. It is reasonable to

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assume that this result is, in a great measure, due to the vigilance and fidelity of the quarantine authorities, and to the increased facilities afforded them by the West Bank Hospital for the care and treatment of patients. This is the first year that it has been in full operation, and the success which has attended its workings has fully met the expectations of the public and demonstrated the wisdom of its erection. It is claimed, however, that until a suitable place for the detention of those who, while not actually sick, have been exposed to disease by passage in an infected vessel, and until warehouses for the storage of infected goods are provided, it will be difficult to protect the public fully against the dangers of imported disease. A structure on West Bank for the former purpose has been commenced, but an additional appropriation will be required to complete it.

IMMIGRATION.

The number of emigrants arriving at the port of New York this year is 212,000, a loss as compared with last year of 47,000; the number of arrivals this year being about the same as in 1868.

We may reasonably expect, that, with the return of peace in Europe, emigration thence to this country will be very largely increased.

REVISION OF STATUTES.

I appointed, under chapter 33, of the Laws of 1870, Amasa J. Parker, of Albany, Nelson J. Waterbury and Montgomery H. Throop, of New York, commissioners to revise, simplify, arrange, and consolidate all statutes of the State of New York. The work is being prosecuted with diligence.

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TAX REVISION.

Under the authority of the joint resolution of the Legislature, passed at its last session, I appointed David A. Wells, George W. Cuyler, and Edwin Dodge, commissioners to revise the laws for the assessment and collection of taxes. Their report will be submitted at an early period of the present session.

CANALS.

I hold to the same opinions, concerning our canals, as were expressed in my annual messages of 1869 and 1870.

The magnitude of our internal commerce is far beyond that of our foreign trade. Our canals are a necessary means of facilitating this great domestic traffic, and their maintenance in good navigable condition is essential to the general welfare of the people of this State. Our Constitution, from obvious considerations of public policy, has provided that these works shall always remain the property of and be under the management of the State; and the suggestion to surrender them to the control, in any degree, of the Federal government, deserves no consideration. The Federal government has already enough of administrative duties. This State built these canals without any extrinsic aid; it owns them, and is quite competent to take care of them. Our own people are directly interested in their good management, and these great works are much more likely to be well administered by ourselves than if put under so remote a supervision as that of the government at Washington.

The Canal Board, by authority of the Legislature, adopted last year a reduced scale of tolls. As was anticipated, there has resulted a diminution of revenue,

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as compared with the previous season. As compared with a period of years, however, the falling off is not serious. The average annual receipts of the canals from the year 1846 down to 1869 inclusive (the period of high tolls) is very little in excess of those of 1870; and this includes the exceptional period of the war, when the receipts were unusually large. The falling off last year is not all due to the low rate of tolls. From purely commercial causes, there has been a diminished traffic. The business of the canals, moreover, suffered, during the past summer, from a great reduction of railroad rates of freight temporarily made by rival companies in a struggle for the western trade.

Whether this diminution of revenue is to be temporary or permanent, the interest of our people requires that whatever changes in the toll-sheet the experience of the past year may suggest, we should adhere, as far as possible, to low tolls. We produce in this State not more than six million (6,000,000) bushels of wheat in a year. We consume, every year, twenty-one millions (21,000,000) bushels. One-half of the total quantity of other grains consumed in this State, to wit, Indian corn, oats, rye and barley, are also supplied from other States. It is obvious that cheap transportation from the grain-producing States is essential to our comfort and prosperity. To say nothing of the importance of having cheap means of forwarding to the West our own manufactures and the merchandise imported from abroad, our people gain much more by lowering the rates of transportation on the supplies they must procure from other States than they lose in reduced revenue from low tolls. When we

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built our great canals the people of this State produced all the food necessary for their consumption and had a surplus to sell. If in a spirit of far-seeing and liberal enterprise it was wise then to construct these works for general benefit to the internal commerce of the country, how much more essential is it now, for our own interest as well as theirs, that we keep up the freest intercourse with our western brethren. Nature has favored us in the great lakes upon our borders, and in the unequalled outlet to the sea afforded by the Hudson river; our people have united these by the construction of great artificial water-ways; the interests of the State and of its people seem to me to be irrevocably bound up now with the preservation, in full efficiency, of the connecting channels so established. The people of Europe and of Canada are projecting canals on a grand scale; our government is expending large sums of money in clearing away obstructions in the Hudson and other navigable rivers; an inference that our canals are no longer useful because of the railroads opened to the West, is as unwarranted as it would be to suppose that the free navigation of the Hudson river is no longer important, now that a railroad is built upon its banks. We ought not to levy a greater toll upon the commerce of the canals than is absolutely necessary to their maintenance, and the gradual payment of that portion of our debt to which their revenues are pledged.

Except in the canals, our people have no efficient check upon the rates of freight which the railroads may impose. The consequences of natural rivalry among

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the roads themselves are avoided by combinations and agreements on their part for establishing uniform rates; and in view of the fact that this State does not produce probably one-quarter of the food which its people consume, while it may be said to furnish none of the coal we use, it is vitally important to us that the great connections of the lakes with the Hudson should be maintained, with the least possible tax upon the traffic which they were established to promote. It should be borne in mind that the canals were not constructed with a view to create a revenue for our State treasury. They must be kept up in their efficiency out of regard not only to the interests of the people of our own State, but to the great mutual good which, by means of the freest trade between us, we and the people of other States are capable of conferring on each other.

A part of the policy of the past year has been to put the canals in thorough order. They had been neglected for many years, and their obstructed and dilapidated condition rendered very heavy expenditures necessary. Another year the revenue will, probably, be larger; the expenditures, certainly, much less. The round trip from Buffalo to Albany and back has averaged four days less the past season than the previous year. The canals are in much better order than heretofore; their capacity for business increased; the necessity for repairs diminished.

There is great need of the application of steam power to propelling or towing of boats on the canals; and I recommend that you make a suitable appropriation of money to enable the Canal Board or the State Engineer to test, by actual experiment, the merits of several projected methods.

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GENERAL RECOMMENDATIONS.

The lamented death of one of your number, the Honorable Isaiah Blood, of the fifteenth district, has left a vacancy in the Senate, which, owing to imperfection in the statutes, cannot be filled. It will be your duty to supply this defect.

I have twice recommended to the Legislature (without effect) a modification or amendment of the laws relating to murder. There are many instances of homicide where the criminal intent to take life is proved, in which, however, the jury are unwilling to find a verdict of guilty of murder in the first degree, because, in their judgment, the circumstances do not justify the death penalty. Under judicial construction of the existing statutes, they cannot bring the case within the definition of murder in the second degree, or of manslaughter in either the first or second degree. They have no alternative but to render a verdict of absolute acquittal, or of guilty of manslaughter in the third or fourth degree, notwithstanding they feel that the punishment which the law will, in the latter cases, award, is wholly inadequate. I recommend that either the maximum punishment for manslaughter in the third degree be made much greater, or that in all cases where the degree of premeditation does not, or the circumstances attending the homicide do not, in the judgment of the jury, justify punishment by death, they may render a verdict of guilty of murder in the second degree, to be punished by imprisonment for life or for a term of years, in the discretion of the court.

The only objection that is likely to be urged against this recommendation is, that, if it were adopted, the

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jury would have too great a discretion in the matter of enforcing the death penalty. The answer to this objection is, that they exercise that discretion now, and will, in any event, continue to exercise it, when they think it right so to do; but in doing so, as the law now stands, they render a verdict which does not satisfy themselves or the demands of justice.

I recommend, also, the passage of an act which will put an end to the great injustice of detaining as prisoners persons who are unfortunate enough to be witnesses to the commission of crime and unable to give security for their appearance at the trial of the accused. The magnitude of wrong and suffering resulting from this practice, especially in cities, is not, I am sure, appreciated or understood, or it would not be permitted to continue. The law should provide that no person shall be detained in prison as a witness in criminal cases beyond a specified time, and that, if the trial be postponed beyond that time on the motion of the prisoner, it shall be only on condition of his consenting that the testimony of the witness may be taken *de bene esse*, as in civil cases. It may be urged that the people may not be ready to bring on the trial, and may thus, in some cases, lose the benefit of the testimony of the witnesses altogether. I answer that it is better so than to have innocent persons suffer imprisonment in order that even the guilty may be convicted.

I recommend anew that power be conferred upon the oyer and terminer, or upon the supreme court, to grant new trials in cases of conviction by the oyer and terminer. The courts of sessions, which are inferior tribunals to the oyer and terminer, have this power, under

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existing laws, in cases of conviction before them. They are authorized to grant new trials upon the merits, or for irregularity, or on the ground of newly discovered evidence. It is obviously proyer that the higher criminal courts should possess the same power. As the matter stands now, a person wrongfully convicted in the oyer and terminer, no matter how clearly his innocence may be shown by evidence discovered after conviction, has no remedy except in a pardon from the Executive. This is not the proper and just rectification of the wrong done to him by an unjust conviction.

I recommend an amendment to the general village law (chap. 291 of the Laws of 1870), so as to authorize the election of a police justice in villages having sufficient population to justify it.

There is a great and constantly increasing demand for some means of rapid transit from the lower to the upper part of New York island. This demand must be met. To most of the plans hitherto suggested there have been serious objections, on account of the nature of the work proposed or the privileges asked for by those who offered to undertake it. To a bill passed by the last Legislature authorizing what was called the Arcade railroad, I was obliged to refuse my signature, after the adjournment, for reasons already given to the public. The objections to the provisions of this bill were insuperable. Heretofore a charter was granted for the construction of an underground railway; but thus far sufficient capital to prosecute the work has not been subscribed. It is claimed by persons who have given the question careful consideration that the true solution of the difficulties

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which surround it is to be found in the construction of an elevated railroad, upon a solid structure, raised so high as to cross the transverse streets by arches that would offer no obstruction to ordinary travel, and avoiding interference with the leading avenues, by passing chiefly through the middle of blocks. It would seem, that, under a properly guarded bill, less inconvenience to the public in their use of the ordinary streets and less interference with private rights of property would ensue from this method than from any other, while the convenience to passengers would be greater than on roads below the surface. There are those who have always stood in opposition to every plan heretofore presented, and who ought to be ready to suggest some method of relief or give their assent and their aid to any plan which, while free from the objections urged against the rejected methods, holds out a reasonable prospect of success.

The powers of the commission for preventing the spread of the disease among cattle, known as the rinder pest, will expire, by limitation of law, on the twentieth of April, this year. The necessity for the vigilance exercised by the commissioners still exists, and very serious consequences would, in my judgment, result from an intermission of the important duties devolved on them. The commission has always been embarrassed by the omission of the Legislature to make the necessary and very limited appropriations required by them. I trust that you will provide all the means needed for a service so valuable and essential to our stock raisers and farmers, and will continue the act in force. Certain amendments

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will be suggested by the commissioners, to which I ask your careful attention.

I call your attention to article 8, section 1 of the Constitution, providing that "Corporations shall not be created by special act, except for municipal purposes, and in cases where, in the judgment of the Legislature, the objects of the corporation cannot be attained under general laws." Of late years there has been a disposition to overlook the strict intent of this limitation upon legislative power.

I suggest to you the importance of passing all bills making large appropriations of money, including the New York tax levies, at a period of the session early enough to enable me to return them with objections, if I have any to make. The practice of allowing these bills to be delayed until the end of the session deprives me, in fact, of my constitutional right to disapprove of objectionable items, unless, by withholding my signature from a bill, I permit desirable and proper appropriations for the year to be lost. It is not right to leave me no alternative but to sign bills containing objectionable items, or to refuse my signature and thus defeat appropriations which are necessary.

FEDERAL AFFAIRS.

The disposition of the Federal administration to unnecessary, unwise and unconstitutional interference with the pursuits and rights of the citizen and with the State governments continues and is a great evil. By the prolonged disfranchisement of a portion of the people of the South, and by other means, the full and final restoration to them of political rights, of the con-

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trol of their own affairs, and of the free choice of their representatives, is still, for partisan ends, delayed and obstructed, to the prejudice of good government and of the general welfare.

TARIFF.

We are made to endure the evils of an oppressive and ill-regulated tariff of duties, and have no immediate prospect of substantial relief. The principle of special protection is at war with the general sentiment of the world; and to this it must, sooner or later, yield, although its advocates, who, during the last ten years, have secured more than ten revisions of the tariff, all tending to higher and higher protection, still manage to control Congress and its committees.

We are the only great power which commands extended coasts on both oceans, and are a maritime people by inheritance from almost every stock that contributes to our mixed blood, yet we have become within a few years, by the suicidal operation of our own laws, destitute of shipping. Not only have we been driven from the ocean, but, on our great lakes, Canadian-built vessels are gradually drawing trade away from us, because, costing much less, they can accept lower rates of freight. Ship-building, in which, a few years ago, we excelled the world, has become a lost art among us. Our agriculturists, who, under this system of favoritism, miscalled protection, realized no increased price for what they raise and want to sell, are, nevertheless, compelled to pay an enhanced price for what they need and have to buy. Blankets, woollen clothes, and many other things of common use are dearer in this country than in

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any other, to the injury of those whose lot it is to work very hard for their comforts, which class constitutes the great bulk of every people. These are only some of the evil results from the Federal government legislating for the benefit of a few capitalists, under the false pretense of protecting our home labor. The enormous profits resulting from this unjust favoritism go all to the manufacturing and mining capitalist; not to the men employed by him. The high duties, laid for so-called protection, do not enure to the benefit of the public treasury, nor do they make the general condition of the laborer, whether in or out of factories, better. Even the protected capitalists are beginning to share in the effects of the general derangement and languor in business generated by this false system, which undertakes to sustain certain favored persons in occupations in which, if left to their own skill and resources, they would, by their own admissions, fail.

There is no sufficient remedy for this except in the absolute rejection from our Federal legislation of the principle of favoritism. All the people are entitled to equal protection; none have a right to special favors; and it is a wrong which, it seems to me, ought to shock the moral sense of every one, for a government, under the pretext of raising revenue, to tax the whole people in order that a few men may do a profitable business. It is, moreover, demonstrated by experience, that high duties and a complex system of taxes laid on many articles (the larger number of which contribute little to the revenue), while they make necessary the maintenance, out of the revenues and consequently at the cost of additional public burdens, of many more government officers than would be required by a simpler method,

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render frauds more profitable and easier of accomplishment, and lead to an increased amount of private and official corruption. Piece-meal amendments to the tariff are of little value. What we need is, that a rebuke shall come up from the people, so strong that it cannot be overlooked or forgotten, of the practice of imposing taxes for any purpose, save the one of procuring necessary revenue for the public treasury. No compromise should be made on this question; nothing accepted by the people short of the establishment of a tariff, as moderate as the necessities of the government will permit, applied to as few articles as will yield the required amount, and adjusted strictly to its only lawful purpose, that of raising revenue.

FEDERAL FINANCES.

The administration of the Federal finances exhibits no improvement. Taxes are still levied to an amount greatly in excess of the needs of the government; and the excess is applied to the payment, in advance, of government bonds which we are not obliged to pay for many years to come. Part of these taxes are levied through the custom-houses, to the extent of two hundred million dollars ($200,000,000) a year, payable in coin, although the quantity of gold required by the government to meet the annual interest on the public debt is less than one hundred and twenty million dollars ($120,000,000). The surplus of coin, or much of it, is, from time to time, sold in Wall street, for the purpose (as is claimed) of keeping down the premium on gold, when, considering the magnitude of the Federal revenues,

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there ought not to be, and, if the Federal finances were wisely managed, there would not be, any premium.

Notwithstanding the reduction of the premium on gold in the past year, it is admitted on all hands, by the government officers as well as by others, that we have made no real progress toward specie payments. Nor have we any guaranty that the premium on gold will not rise again; we can have none except in the government growing stronger in the actual means of redeeming its circulating paper.

The Federal treasury has had in circulation, for many years, promissory notes of its own, payable on demand, to the amount of four hundred million dollars ($400,000,000).

These notes, made a lawful tender for debts, constitute now the money habitually used by banks and the people in all transactions. These promises the treasury does not redeem; and this non-redemption, and nothing else, makes the present condition of things, which is known as a suspension of specie payments. If the Federal treasury were redeeming its notes in coin, the notes would be worth as much as gold; in other words, the money now used by banks and the people would then be the same as gold; and such a condition of things would be, of itself, without any further arrangements, a full and complete return to specie payments. All that is necessary to establish such a condition is that the Federal treasury make itself ready to redeem its own notes, and nothing will be required to maintain that same sound condition but that the Federal treasury shall continue to redeem the notes. The banks are not responsible for the present suspension; they have no

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duties in respect to it; they are helpless to put an end to it; they pay their own debts now in the lawful money of the country; that lawful money consists of government notes, which the government alone can make worth as much as specie. That once done, banks and people, while continuing to pay their debts in this same kind of money, would be dealing, in all transactions, on the specie basis.

There would be no shock to business in a transition so effected. No contraction of the currency, and consequently no stringency in the money market, need precede it. No demand for the actual possession of coin, among the people, would follow it; for, manifesting, as they do now, great confidence in the legal tender notes, they would have still more faith in them when it was established that the notes command coin at the treasury on demand; and they would, for convenience, prefer the notes to gold itself. Anything that the government shall do in order to promote a return to specie payments, except this one thing, the making of its own notes worth as much as gold, will be not only needless but mischievous. No new regulations for the banks are necessary to this end; and needless regulations always do harm. The banks paid their debts in legal tender notes year before last, when the notes were worth seventy-five cents to the dollar in gold; they have continued to pay, during the past year, in the same notes when worth ninety cents; they will, with the same ease, pay in legal tender notes, they being equally abundant, when they are worth one hundred cents; and that will be paying specie.

The treasury might easily have put itself in a condi-

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tion to pay its legal tender notes on demand, long before this. From April 1, 1865 (the close of the war), down to the 1st July, 1870, the Federal treasury has received, through its custom-houses, an aggregate of nine hundred and twenty-four million dollars ($924,000,000) in gold coin. If it had laid aside only one dollar in five of these receipts, for the purpose of redeeming its legal tender notes, it would have now in its vaults, one hundred and eighty million dollars ($180,000,000) of coin, absolutely belonging to itself, exclusive of what is retained from time to time, to meet accruing interest, and exclusive also of private deposits.

The whole amount of legal tender notes outstanding (including fractional currency and making no allowance for what is lost) is three hundred and ninety-five million dollars ($395,000,000). The fund on hand for the redemption of notes, would be now, if one dollar in five had been saved, nearly one-half of the amount of notes in circulation; a proportion much larger than a private bank in good credit finds it necessary to keep on hand to meet its circulation. The superior credit of the Federal treasury would, of course, maintain its notes at par with gold on a much less reserve of coin than would be required by a private banking incorporation. I cannot doubt that the government notes would rise to par with gold and be kept there, with a fund of coin, devoted to their redemption, not exceeding one-fourth the amount of notes outstanding.

Under this policy we would have resumed specie payments, naturally and easily, more than two years ago; and it could have been pursued without inconvenience to the treasury. For, ever since the war, both the

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aggregate surplus revenue of the government and its surplus of gold revenue have been so great that it could have well afforded to put aside one dollar in five of its coin receipts. It could have been pursued without inconvenience to private business; for our mines were producing more gold than the treasury would have laid aside. The only commercial effect of the proposed process would have been to make certain the retention in the country of so much coin that might otherwise go abroad; and that result all men agree is a proper and valuable means to convenient and permanent resumption.

Under this policy the government could now resume specie payments in less than a year's time. The treasury had, on the first of December last, forty million dollars ($40,000,000) of coin of its own on hand. Its gold income is now nearly two hundred million dollars ($200,000,000) a year, of which less than one hundred and twenty million dollars ($120,000,000) is required to pay interest. If the treasury would simply reverse its policy of selling gold, less than a year would give it a fund of one hundred million dollars ($100,000,000) of coin against its circulating notes. The continuance of large sales of gold during the past season, when commercial causes have been operating powerfully to keep down the premium, was especially unnecessary and wasteful. The treasury may save either the whole of its surplus gold income, or one-half of it, or one quarter. The result would be equally certain in any of these cases; it would simply be postponed in proportion as the process of saving was made rapid or slow.

There would be no longer any speculation in gold after it was known that the treasury had adopted a policy

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leading, inevitably, to an early resumption. No one would buy, except for immediate use, an article which was sure soon to be worth no premium. If, however, it be deemed wise that the treasury hold part of its surplus gold revenue for the purpose of checking, by the sale of it at times, possible speculation, let it do so, but let it retain another portion absolutely and sacredly for the great purpose of resumption.

Our path to the restoration of a sound currency is, in my judgment, so simple, plain, and direct, that I cannot help regarding the financial course of the Federal government as lacking the common sense which is every day applied by men to private business. No private debtor would be regarded as wise (scarcely honest) who, having in circulation a large amount of notes payable on demand, and having at the same time an income in gold far in excess of any other demands on him, should neglect to apply his surplus income to the purpose of redeeming his notes. It would not be received as an excuse that he preferred to pay in advance certain obligations not maturing for many years.

It is obvious that specie payments are not to be restored, so long as the legal-tender notes are in existence, except by making these notes and gold equal in current value. This can only be done by making the proportion of coin in the treasury to its outstanding notes such that the treasury may safely undertake to redeem the notes on demand. Such proportion may be established either by contracting the quantity of the notes in circulation, or by increasing the quantity of coin in the treasury. Contraction in the

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quantity of the notes was tried by Secretary McCulloch; but the process was so distressing to the business of the country, that, after a few months, he was compelled, by public outcry, to abandon it. Contraction of this legal tender money, however gradual, will be found, if tried again, to be a painful remedy. As the notes become scarcer and scarcer, debtors will find it less and less easy to procure the money they need. Banks will find it less easy to keep on hand a proper reserve, and will be compelled to press their debtors. The confidence of creditors in their debtors, including the confidence of depositors in the banks, will be continually growing less with the growing scarcity of money. Capital will withdraw itself more and more from active enterprises; and labor, consequently, will find employment with constantly increasing difficulty. That these would be the results of a persistent contraction is proved by experience in instances where combinations of speculators have succeeded in locking up temporarily a small quantity of the legal-tender notes.

Is it not obvious that it would be wise economy for the Federal treasury to get back, as soon as possible, to paying its debts in coin? For then, with its credit perfected, the negotiation of loans at very low rates of interest, which it is anxious to effect, would be practicable. Is it not equally obvious that a return to specie payments, if brought about by a wise method, would result in great good to the people? For the industry and business of the country, once rid of the embarrassment and lack of confidence arising from the use of a currency of shifting value, would take a fresh start on a career of active, stable and well-assured prosperity. We

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must, sooner or later, return to the use of gold and silver; until we do, we shall continue to be subject to frequent and discouraging fluctuations in values, of which we may not yet have seen the worst.

The people naturally shrink from the harsh remedy of contraction. They look upon it as one which threatens, perhaps, greater evils than those which they now suffer. It is unjustifiable to resort to it when another method will accomplish the result.

FEDERAL INTERFERENCE IN ELECTIONS.

Since the adjournment of the Legislature, the Federal government has assumed to interfere directly, by its officers and armed forces, with elections in this State. The pretext was fear that the right of suffrage would, in some way, be denied to the class of persons upon whom it had been conferred by the fifteenth amendment to the Constitution of the United States. It was a mere pretext; for our State Legislature, at its last session, promptly altered our election laws to conform with that amendment, so soon as it was declared adopted. Moreover, this class of voters had exercised their new right freely and without the least molestation, at our State election, which took place in May last.

Congress, nevertheless, enacted a law for the ostensible purpose of supervising the election of congressmen only; and the President was authorized to employ the army and navy to enforce certain of its provisions. Under color of this act, the President and other United States officials claimed the right to supervise the entire election, not only for representatives in Congress, but for State and local officers. In the city of New York special preparations were made to enforce this claim. A large number

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of United States deputy marshals and supervisors were appointed, many of whom were men of well-known disreputable character, and some of whom had been convicted criminals; a class of dangerous men never before chosen by any ruling authority, in any community, as conservators of the peace. They were instructed, under advice of the Attorney-General of the United States, to submit to no interference, from any quarter, under State or municipal authority. Orders were issued which authorized them, in the discretion of each one of them, to arrest at the polls citizens claiming the right to vote, as well as the inspectors who were charged by law with the custody of the ballot-boxes. These arrests were to be effected without process of law, issued upon formal complaints. The peaceful conduct of the election and the good order of the city were thus made to depend on the discretion of these hastily selected, inexperienced, and undisciplined men, some of them habituated to felonious violations of law, and all of them unused to the exercise of delicate and important trusts of power; all having been appointed in one political interest and having a common partisan purpose to subserve. The police and civil authorities of the city and State, whose duty it is to preserve order, were ignored, under instructions from Washington, as completely as if the people of the State were in rebellion against the government of the United States. It was a bold attempt on the part of the Federal government to assume absolute control of the State and local elections in order to accomplish partisan ends; and officials, both judicial and executive, seemed determined to prosecute it without any regard to the rights either of the local officers or of the people.

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The law of Congress under which he was acting required the Federal judge to appoint one-half of the whole number of supervisors from each political party; yet he deliberately refused to appoint any of the political organization which he well knew represented the great majority of voters in the city. Every popular right was ostentatiously denied, as if the purpose was to irritate and excite the people and to provoke tumult, which might result in breaking up the election and depriving the city of its vote.

The President well knew that the people intended no forcible resistance to the law. Their determination was to meet it, simply and exclusively, by the force of public opinion. It must have been apparent to every mind that the interest of the great majority in the city was to have a quiet and orderly election. It could be the interest only of the minority to promote an outbreak. The President knew also that even if disorder, of any degree, should ensue, the whole civil and police power of the State, sustained by its National Guard (a military organization of our own citizens, composed of men of all classes and all political parties, and maintained by the State to do service, as occasion may demand, for the State or the United States, and which has never yet failed in its duty to either), was both ready and able to preserve order, and to protect all officers of the law in the execution of judicial process and the discharge of official duty.

Notwithstanding all this, by the President's orders, United States troops were brought from distant posts and quartered in the city of New York, and ships of war were anchored in its harbor. It was certainly not unreasonable to expect that the first drop of citizen's blood shed in

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the city of New York by Federal troops, in time of peace, might lead to terrible results, involving great loss of life and incalculable destruction of property. Therefore, as chief magistrate of this State, charged with the duty of enforcing its laws and preserving order within its boundaries, I used every exertion and made every preparation and provision in my power to preserve order and protect the people in their rights, their lives and property. At the last moment, that is to say, the afternoon immediately before the election, the officers of the United States, fortunately and wisely, abandoned the extreme ground they had taken, and entered into a stipulation with the local authorities of New York city, in my presence, which resulted in preventing any armed interference by troops, either of the United States or of the State.

Nevertheless, it is well known that about two thousand deputy United States marshals were appointed in the city of New York, who were, each one of them armed with what is known as a navy revolver, worn in belts bearing the designation of the Federal armories. They did not, it is true, form any portion of the regular force of the army or navy; they were undisciplined and without a military commander; but they were men armed by the United States government and paid out of its treasury, and were stationed, thus armed, at the election polls, having been taught that they were the superiors of the lawfully appointed peace officers of the State, upon whom the preservation of order in a large city depends.

It was due to the patient forbearance of the people, and to the earnest endeavors and great coolness and discretion of the peace officers of the city, that order was preserved.

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I deem it my solemn duty to protest now formally against these outrages, which, it is given out, will be renewed at future elections, with preparations looking to a greater degree of intimidation and coercion. In this protest the people of this State do, I am confident, by an overwhelming majority, earnestly unite. They are not to be misled by the pretence that military force is necessary to prevent fraud. For they well know, what all history proves, that military elections are never honest nor free; that military force at elections has always been used by ambitious rulers to hinder a full and fair expression of popular sentiment; in fact, to perpetrate and cover fraud, not to prevent it. If elections are not honest, they should be made so by the force of public opinion and by law; military force asserts its supremacy over both, and is itself a fraudulent and final overthrow of a free ballot.

No State is, or ever was, more devoted than New York to the Union and to the Federal government; none more submissive to that government's constitutional authority; none more ready to defend its rights and vindicate its power; but our Union is a Union of States; the elements of its great strength are the home governments of the people. To weaken the parts is to endanger the whole.

Half a century ago, when Federal officers were accused of interfering with State elections, not by armed forces but simply by exerting an influence through the distribution of patronage, De Witt Clinton, then Governor of this State, addressed the Legislature as follows:

"As a member of the American confederacy, it is not only our duty, but our interest, to sustain the respectability and to promote the authority of the national government, by a patri-

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otic and enlightened exercise of our suffrages, and by contributing all our energies to establish a wise and public-spirited administration. But in attending to measures so important, we ought not to overlook the duties which we owe to ourselves. Our government is complex in its organization, and it is essentially necessary to preserve the State governments in their purity and energy. A free government could never exist in a country so extensive as the United States without a judicious combination of the Federal and representative principles. The apprehensions which some of our wisest statesmen entertained, at the formation of the Constitution, that the State governments would constantly encroach on the powers of the national government, appear not to have been realized. The practical tendency has been in the opposite direction. The power of the general administration has increased with the extension of its patronage. And if the officers under its appointment shall see fit, as an organized and disciplined corps, to interfere in the State elections, I trust there will be found a becoming disposition in the people to resist these alarming attempts upon the purity and independence of their local governments; for whenever the pillars which support the edifice of the general government are undermined and prostrated, the whole fabric of national freedom and prosperity will be crushed in ruin. I have considered it my solemn duty to protest against these unwarrantable intrusions of extraneous influence, and I hope that the national legislature will not be regardless of its duty on this occasion."

These words, more applicable now than then, are so forcible and eloquent that I quote them, in the hope that they may impress themselves upon the minds and upon the hearts of the whole people.

To depend, for the peace and order of localities, on the Federal army is not self-government; to substitute the regular soldier with his musket as a peace officer, in place of the constable with his writ, is not to preserve the peace but to establish the condition of war; to surrender elections to the control of the President, supported by armed forces, is to surrender liberty and to abandon a republic.

JOHN T. HOFFMAN.

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STATE OF NEW YORK.

No. 2.

IN ASSEMBLY,

January 2, 1872.

ANNUAL MESSAGE OF THE GOVERNOR.

EXECUTIVE CHAMBER,
ALBANY, *January* 2, 1872.

To the Legislature:

It is my duty to make known to you the general condition of the State, and to recommend to you such matters as I judge expedient.

STATE DEBT.

The unpaid principal of the war bounty debt was, on the 30th September last ($16,887,206.57), sixteen millions eight hundred and eighty-seven thousand two hundred and six dollars and fifty-seven cents. This portion of our debt will, by the annual tax provided by the terms of the act authorizing the loan, be paid in full in about five years. It was contracted and is to be paid in our present legal-tender currency.

The residue of the State debt, which amounts to ($12,595,495.95) twelve millions five hundred and ninety-five thousand four hundred and ninety-five dollars and

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ninety-five cents, was contracted before the war, in gold, and the honor of the State and good faith demand that it shall be paid, both principal and interest, in gold coin. It is to be paid (except $48,860.11 loan of credit to the Long Island Railroad) out of revenues pledged for the purpose, and not by taxation, unless the sinking funds "shall prove insufficient to enable the State, on the credit of such funds, to procure the means to satisfy the claims of the creditors of the State as they become payable."

Of this last-mentioned species of debt ($2,257,900) two millions two hundred and fifty-seven thousand and nine hundred dollars of principal will be due on the 1st of July next, and ($847,500) eight hundred and forty-seven thousand and five hundred dollars of principal will be due on the 1st of January, 1873. The Comptroller is of the opinion, in which I concur, that there will be no difficulty in obtaining the means of meeting these payments, on the credit of the sinking funds, as authorized by the Constitution.

The entire State debt was, on the 30th of September last, ($29,482,702.52) twenty-nine millions four hundred and eighty-two thousand seven hundred and two dollars and fifty-two cents, the amount of principal paid in the last year being ($2,926,441.74) two millions nine hundred and twenty-six thousand four hundred and forty-one dollars and seventy-four cents.

TAXES.

The State tax levied the past year is five mills and seventy-nine one hundred and twentieths of a mill. Of this tax, two mills were required for the annual payment

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on the war bounty debt, one mill and a quarter for the support of the public schools, three-eighths of a mill to meet payments for work on the new Capitol, seventy-nine-one hundred and twentieths of a mill for canals, and one mill and three-eighths of a mill for general purposes. The total yield of the State tax is eleven millions six hundred and thirteen thousand nine hundred and forty-three dollars and sixty-one cents.

NEW CAPITOL.

The new capitol commissioners report to me that of the six hundred and fifty thousand dollars appropriated by the Legislature at its last session, they have expended three hundred and forty-three thousand six hundred and thirty-one dollars and thirty-one cents up to the twenty-second day of November last; making, with what has been previously reported, about two millions thus far expended on the construction of the building, independent of about six hundred and fifty thousand dollars paid for land.

SALT SPRINGS.

The quantity of salt from the Onondaga salt springs, inspected during the last fiscal year, was eight millions five hundred and seventy-nine thousand one hundred and ninety-three bushels. This shows a decrease of production, compared with the previous year, of two hundred and seventy-two thousand and fifty-four bushels. The net revenue to the State has been twenty-six thousand six hundred and fifty-six dollars and seventy-nine

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cents, which is seven thousand two hundred and fifty-four dollars and twenty-eight cents less than that of the previous year.

BANKS.

On the 1st of October last, sixty-nine banks were doing business under the banking law of this State. During the fiscal year circulating notes to the amount of forty-seven thousand seven hundred and seventy-seven dollars have been destroyed by the department. Twelve banks have been credited with lost circulation to the amount in all of sixty-four thousand seven hundred and twenty-five dollars; the time for redeeming the same, after the usual legal notice, having expired.

The amount of circulation outstanding, including that of incorporated banks, banking associations and individual bankers, was, on the 1st of October last, two millions one hundred and forty-one thousand four hundred and thirty-five dollars and fifty cents. Of this amount, the sum of one million three hundred and eighty-three thousand five hundred and twenty-five dollars is secured by deposits of stocks, mortgages and cash. The residue, being circulation issued by incorporated banks in existence prior to the passage of the general banking law, is, of course, not secured by any deposit in the bank department.

SAVINGS BANKS.

There were, on the 1st of July last, one hundred and forty-three savings banks doing business in the State, with assets to the amount, in the aggregate, of two hundred

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and sixty-six millions, two hundred and fifty-three thousand five hundred and ninety-four dollars. These assets may now be estimated, upon the ratio of increase of the year before, at two hundred and eighty millions of dollars. The number of persons having deposits in these institutions was, on the 1st of January, 1871, seven hundred and twelve thousand one hundred and nine.

I ask your especial attention to the necessity of being very cautious in the enactment of charters for savings banks. Some failures have occurred among this class of institutions during the past year. Being intended to induce saving habits among those of small means, by enabling them to obtain interest on the sums which they can, from time to time, lay aside from their daily earnings, it is the duty of the Legislature to provide in their charters every possible safeguard for the protection of the depositors. The object kept in view should be security more than high interest.

At my instance (Senator Palmer, then chairman of the Senate Committee on Banks, cordially co-operating with me), a law was passed at the Legislative session of 1869 (chapter 213 of the Laws of that year), requiring that all persons desiring to organize a savings bank should execute a certificate, setting forth the name of their projected institution, its intended place of business, the name, residence, occupation and post-office address of each member of the association, and containing a declaration from each one of them that he is willing to accept the duties of a trustee in such institution; and requiring that such certificate, with a copy of the proposed

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charter, be filed with the Superintendent of the Banking Department, at least sixty days before the annual session of the Legislature. The law provides also that notice of intention to organize such an institution, giving the particulars contained in the certificate, shall be published in a newspaper of the neighborhood where it is proposed to be established, for six weeks. It then makes it the duty of the Superintendent of the Banking Department to transmit to the Legislature at its next meeting, a report concerning the expediency of incorporating each one of such proposed institutions. Every legislative committee to whom a bill for incorporating a savings bank shall be referred, which has been introduced otherwise than in the manner and with the preliminaries above described, is, by the terms of this law, required to report against the passage thereof. Of course, this law may be disregarded by a subsequent Legislature; but I recommend a strict compliance, on your part, with its provisions, as calculated to avoid a needless increase of these institutions and to guard against carelessly framed charters. I recommend to your consideration the propriety of restricting, by a general law, applicable to all savings banks, the amount which may be held on deposit for any one depositor, to a moderate sum. Those who deal in large amounts are usually capable of providing investments for themselves. It is not right that the funds of this latter class of persons should be mingled with those of less means, whose circumstances require a peculiar class of institutions, and for whom, specially, savings banks were created.

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The tendency of late years to careless legislation in respect to savings banks and other moneyed incorporations, is shown by the fact that during the three years of my administration, I have found myself obliged to refuse my signature to sixty-eight bills for the incorporation of or increasing the powers of savings banks and other moneyed institutions under various names.

In connection with this topic, I call your attention to article 8, section 1 of the Constitution providing, that "corporations shall not be created by special act, except for municipal purposes, and in cases where, in the judgment of the Legislature, the objects of the corporation cannot be obtained under general laws." Of late years there has been a great tendency to overlook the intent of this limitation upon legislative power. It is true, the judgment of the Legislature is to decide whether, in any special case, they are justified in disregarding the general prohibition. This discretion, however, should be exercised not arbitrarily, but in harmony with the purpose and intent of the whole section; which was, obviously, to take away from the Legislature the right of creating corporations by special act, except where it was very clear that the object could not be obtained under general laws.

Insurance Department.

The number of insurance companies subject to the supervision of the Insurance Department was, on the first day of December, 1871, 238, as follows:

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New York joint stock fire insurance companies	84
New York mutual insurance companies	10
New York marine insurance companies	9
New York life insurance companies	40
Fire insurance companies of other States	53
Marine insurance companies of other States	2
Life insurance companies of other States	30
Casualty insurance companies of other States	3
Foreign insurance companies	7
Total	238

The total amount of stocks and mortgages held by the department for the protection of policy holders of life and casualty insurance companies of this State and of foreign insurance companies doing business within it, was eight millions fifty-one thousand one hundred and eighty-five dollars, as follows:

For protection of policy holders generally in life insurance companies of this State	$4,104,035 00
For protection of registered policy holders exclusively	2,342,650 00
For protection of casualty policy holders exclusively	4,000 00
For protection of fire policy holders in foreign insurance companies	1,300,500 00
For protection of life policy holders in foreign insurance companies	300,000 00
Total deposit	$8,051,185 00

The superintendent of the insurance department estimates that, toward reimbursing the loss by the fire at Chicago, companies organized under the laws of this State (not including those of other States and countries doing

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business in this State) will contribute over twenty millions of dollars.

State Prisons.

The Comptroller's report will show, in detail, the earnings and expenses of the State prisons during the past year. The condition of our prisons is not satisfactory. Improvement can be secured, in my judgment, only by an amendment to the Constitution, which shall concentrate responsibility for their management.

I visited, as usual, all the prisons during the past year, for the purpose of hearing applications from the convicts for pardon or commutation of punishment. More than eight hundred applications for pardon or commutation have been made to me during the year. Eighty-four (84) pardons, twenty-nine commutations and five reprieves have been granted. I shall, in a few days, submit to you, as has been my practice every year, a statement of the particulars of these cases, including the reasons which, in each instance, have influenced my action.

Charities and Asylums.

The Annual Report of the Commissioners of Charities will give detailed information of the condition of the several State charities. I trust you will continue to provide for the early completion of the State lunatic asylums now being constructed, so as to afford additional room for the insane poor; to the end that, within a short period, all of this class may be removed from the county poor-houses. I again recommend, as I did

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last year, an inquiry into the condition of pauper children in the several counties, with a view to providing for their removal, if found expedient, to proper asylums.

EDUCATION.

The following statistics have been furnished me by the Department of Public Instruction, for the fiscal year ending September 30, 1871:

Number of children attending Public Schools..	1,027,089 00
Total receipts, including balance on hand, September 30th, 1870.....	$10,658,576 87
Total expenditures	9,588,356 37
Amount paid for teachers' wages.....	6,678,377 51
Amount paid for school-houses, repairs and furniture	1,587,276 39
Estimated value of school-houses and sites....	23,613,201 00
Number of persons attending normal schools,	5,129
Total number of school-houses.....	11,721
Number of teachers employed for the full legal term	17,828

For particulars and for suggestions relating to the administration of our Common School system, you are respectfully referred to the annual report of the Superintendent of Public Instruction, under whose care the educational affairs of the State have been so ably administered. I ask for the schools the most liberal legislative encouragement.

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STATE MILITIA.

The State Militia, known, now, as the "National Guard of the State of New York," numbers about twenty-four thousand officers, non-commissioned officers and privates. The details will be made known in the report of the Adjutant-General. This valuable force, essential to the security of public order, ought to be generously sustained by the Legislature. A contract has been made, in accordance with authority vested in the Governor by the law of last session, for supplying the force with breech-loading rifles.

The Adjutant-General has made very satisfactory progress in obtaining the adjustment and allowance of claims of the State against the general government for expenditures in the late war. At the time he came into office, the balance of the claims which had then been presented to the accounting officers of the treasury of the United States and were on file with them, unsettled, was $932,132.82, of which it had been estimated not more than fifty per cent could be recovered, owing to informalities of vouchers, and irregularities occurring in the hurry of the times when the expenditures were made; and it was suggested that the Comptroller should employ a special agent for the adjustment of these claims, to be compensated by a percentage upon the amount which should be recovered. The Adjutant-General, with my approval, placed the matter in the special charge of Colonel Stonehouse, the Assistant Adjutant-General, who was familiar with the origin of the claims, and detailed Captain Butler, of the Inspector General's Department, to assist him. There

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has been recovered already the sum of $622,279.10, with the well assured prospect of an early adjustment of the whole balance left unsettled on the 1st January, 1869 (except certain items of interest on temporary bonds issued by the State which will require Congressional action), and the prospect also of establishing the validity of further claims upon the government. Additional claims to the amount of $364,107.07, have already been presented to the treasury department, and others to about the same amount will very soon be ready for presentation. The Legislature, at its last session, passed a concurrent resolution, authorizing me to appoint a special agent to prepare and collect these claims, and to award to him such a per centage of the amount collected as I might deem just and proper. I have done nothing under this resolution, being satisfied that the claims can be adjusted and collected quite as rapidly through the clerical force of the Adjutant-General's office, and, of course, at much less cost to the State.

QUARANTINE, ETC.

During the past year, 227 vessels arriving at the port of New York have been quarantined on account of sickness which had occurred on board of them. Upon these vessels, at their port of departure, on the passage, and after their arrival at quarantine, there were 729 cases of contagious and infectious diseases and 109 deaths.

During the quarantine season, to wit, from the first day of April to the first day of November, 466 vessels, which arrived from ports infected with yellow fever,

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were detained in the lower bay for observation. During the same period, 542 vessels from suspected ports were examined at lower quarantine, and placed under observation for a period of from two to five days.

These constitute the total number of vessels detained during the year beyond the time actually necessary for examination. Out of this number seventy-five discharged their cargoes under quarantine, being but little over one per cent of the whole number of arrivals from foreign ports during the year.

Seventy of the vessels thus detained were found to have had cases of yellow fever on board, and from these, eighteen patients were sent to West Bank Hospital. Besides these, 205 cases and fifty-one deaths from this disease had occurred on board of these vessels, either at their port of departure or during the passage.

For the five years, ending December 31st, 1870, the total number of vessels which arrived with small-pox on board, was one hundred and forty-two; while, during the past year, there have been one hundred and forty-seven vessels, having on board an aggregate of 80,428 persons who had been exposed to this disease during the passage. The number of cases of small-pox reported to have occurred on these vessels, was three hundred and forty-two, of which two hundred and ninety-three were taken to hospital from quarantine. Of these, owing to the crowded state of the municipal institutions on Blackwell's Island, it was found necessary to send a number of patients suffering from small-pox to West Bank Hospital.

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Seven vessels only have had cases of ship-fever on board during the past year. On these the number of persons exposed to the disease was 3,778, of whom eight were sent to the fever hospital on Ward's Island.

Three vessels from infected districts have had cases of cholera on the passage to this port; and from these, fifty-two patients suffering from the disease, were treated at the West Bank hospital. The total number of cases of cholera occurring among the passengers and crews of these vessels, was 156; and the number of persons exposed to the disease, 1,432. Of these, forty-three died at sea and twelve in quarantine.

At the West Bank hospital the total number of patients suffering from cholera, small-pox and yellow fever, received during the past year, was 132, of whom 109 recovered and twenty-three died.

The absence of buildings upon the upper structure at West Bank, for the reception of persons who have been exposed to contagious and infectious diseases during the voyage to this port, was temporarily provided for by the transfer of the steamships Delaware and Albany, from the general government to the quarantine department. These vessels were anchored at quarantine in the month of September, and in the case of the steamship Franklin, which arrived on November 11th, with cholera on board, were of the greatest utility in affording facilities for the immediate transfer of the well passengers from the infected vessel. The favorable results which followed this transfer, are said by the health officer, to prove the importance of completing at once, the structures contemplated at West Bank.

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The foregoing statistics demonstrate the necessity for a thorough administration of quarantine laws. The immunity which the city and State of New York has enjoyed during the past year from the introduction of contagious and infectious diseases from abroad may justly be ascribed to the precautions adopted. All abuses, if any be found, should be remedied, but the inconvenience to a few, by the detention imposed upon only one vessel out of a hundred, is not to be weighed against the protection afforded to the people in the cities of New York and Brooklyn, and of the State, against infectious diseases.

There have been for many years, and under all administrations, complaints in the press against the Health Officer, and also against the Harbor-Masters of the Port of New York. No proof has been adduced before me of maladministration on the part of the present officers. In one instance, prior to December 15, 1871, charges were preferred against a harbor-master, which were withdrawn. On the 15th of December, 1871, charges were preferred in another case, which are now under examination. In the case of the Health Officer, one complaint has been laid before me. Although the law gave me no power in the matter, the Health Officer promptly responded to my request for explanations; the complaint was found to be connected, not with his office proper, nor with his fees, but with certain rates established for contributions to the support of the hospitals at quarantine; and the injustice complained of was promptly cured. Under the law, as it was established in 1863, and as it now stands, the Governor has no power to remove

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the Health Officer (and appoint another), even after a formal investigation, during the recess of the Senate; the period of the year when, if ever, abuses are likely to occur. I recommend that the Governor be empowered to appoint the Health Officer and Harbor-Masters, including the Captain of the Port, without the consent of the Senate; and to remove them, or any of them at pleasure. A prompt remedy would then be provided against abuses without the delay incident to a formal investigation.

In the single instance of the presentation to me of charges against the health officer, I took the occasion, in referring the matter to the Commissioners of Quarantine, to request them to inquire into alleged abuses in quarantine administration, giving merchants and others opportunity of being heard. I have received their report, dated December 11th, 1871, which, with a communication from the health officer relating thereto, will be duly transmitted to the Legislature for its information.

It is proper to say, that if citizens who know of and can prove official misconduct on the part of public officers, fail to present the charges and proofs to the Governor, the responsibility for continued abuses rests upon them. The Governor, in such matters, acts in a quasi-judicial capacity, and he cannot, any more than can a court, entertain charges made simply through the public press.

Nor should it be forgotten, that if extra compensation is paid to harbor-masters, it may be too often due to the eagerness of owners and consignees of vessels to get the advantage, one over another, in the occupancy of wharves.

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The Governor is always ready to do his duty, and to remove a guilty party when he has the power. Merchants and others fail to do theirs, when any of them pay a bribe to a public officer, or neglect to expose and bring to justice whoever demands or accepts one.

I recommend a thorough examination of the official acts of the health officer and harbor-masters, and such amendments to existing laws, as may be necessary to put an end to such evils as may be shown to exist.

IMMIGRATION.

The number of arrivals of immigrants in the port of New York this year is two hundred and twenty-nine thousand, an increase, as compared with last year, of seventeen thousand.

REVISION OF STATUTES.

A report from the commissioners for revising the statutes may be expected at an early day in the session, showing what progress has thus far been made in their work.

CANALS.

The surplus revenues of the canals, for the past year, have been nearly double those of the previous year, although, for four months of the year 1870, the former higher rates of toll prevailed; the contribution to the sinking fund, for the fiscal year ending 30th September last, being $981,588.68 against $569,974.61 contributed the year before. The expenditures have been very materially reduced. The official reports of the Comptroller and

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Auditor will show the details of expenditure and revenue. It is the unanimous testimony of those engaged in business upon them that the canals are in better order than at any previous period. My opinions as to the true policy of the State, with reference to its canals, have been so fully expressed in three successive annual messages, that it is not necessary here to repeat them. The policy of low tolls, which, when first recommended, met with strong opposition, is now, by general consent, admitted to be wise. The season of navigation of 1871 was fifteen days shorter than that of 1870, yet there was an increase of tolls to the extent of $487,722.78.

I have received a letter from the President of the United States calling my attention to the twenty-seventh article of the recent treaty between Great Britain and the United States, which article is in these words, to wit:

"ARTICLE XXVII.—The government of her Britannic majesty "engages to urge upon the government of the Dominion of "Canada to secure to the citizens of the United States the use of "the Welland, St. Lawrence, and other canals in the Dominion, "on terms of equality with the inhabitants of the Dominion; and "the government of the United States engages that the subjects "of her Britannic majesty shall enjoy the use of the St. Clair "Flats canal on terms of equality with the inhabitants of the "United States, and further engages to urge upon the State "governments to secure to the subjects of her Britannic majesty "the use of the several State canals connected with the naviga- "tion of the lakes or rivers traversed by or contiguous to the "boundary line between the possessions of the high contracting "parties, on terms of equality with the inhabitants of the United "States."

The President requests such legislation on the part of this State as may be necessary to carry out, on our canals, this provision of the treaty. My impression is that nothing

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exists in our State laws, now, to forbid the subjects of another country using our canals on terms of full equality with the citizens of the United States. I recommend an inquiry on your part on this point, and the prompt passage of any laws which may be necessary for the fulfillment of the undertaking made by the federal government.

GENERAL RECOMMENDATIONS.

The disastrous fire at Chicago destroyed the valuable public law library of that city. It was always open to the free use of members of the bar from other States, and contained complete sets of the Reports of this State and of its Statutes, as well as those of other States and of Great Britain. Upon being informed of this loss by a committee of the bar of Chicago, engaged in the work of restoring the library, and upon their application for such assistance as this State could give, I took the responsibility, in view of the intimate business relations existing between the States of Illinois and New York, of causing to be sent to them the Statutes, the Reports and the Digests of this State, complete, as a donation from New York, knowing that the need was pressing for the work of restoration being promptly effected. In doing this, I was careful not to incur any liability in behalf of the State. I, nevertheless, respectfully ask that you make an appropriation to cover the cost of this gift. Some of the books having been furnished by the State Library, from extra copies in their possession, the total amount expended will not exceed sixteen hundred dollars.

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Full rights of inheritance are accorded to the children of American male citizens, without reference to the nationality of the mother, although the children be born abroad; while the children of an American woman married to an alien, are, if they be born abroad, denied like rights. I recommend that the disability of the latter class of persons to inherit be removed by Statute.

I recommend, for your careful consideration, especially in view of the several treaties made between the United States and foreign governments, in respect to naturalization and expatriation, whether it would not be wise to remove all disabilities of aliens relating to the acquisition, possession and transmission of real estate. In several of the States of the Union these disabilities no longer exist, and in England they were removed by statute passed May 12, 1870, the day before the date when the treaty between England and the United States, relating to naturalization, was signed. If you should pass a law removing all these disabilities, the suggestion last made, with reference to children born abroad of American women, will have become unimportant.

I recommend to your consideration the subject of alleged abuses under the referee system in our courts, with a view to providing a remedy, by law, for such abuses as may be found to exist.

The Statutes providing for the election of Senators, in case of vacancies occurring otherwise than by expiration of term, are defective. The defect was brought to public notice by the death of Senator Blood, just before the last session of the Senate. I called the attention of the Legislature in my last Annual Message to the

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necessity of amending the laws in this respect, but they failed to supply the defect. I recommend prompt action by you on this subject.

I recommend, as I did last year, the putting an end, by law, to the hardships and injustice frequently inflicted upon persons who are detained as witnesses to the commission of crime. The suffering resulting from this, especially in cities, is very great and extends to many unfortunate persons, who are too poor to give security for their appearance to testify. The law should provide that no person shall be detained in prison as a witness in criminal cases beyond a specified time, and that, if the trial be postponed beyond that time on the motion of the prisoner, it shall be only on condition of his consenting that the testimony of the witness may be taken *de bene esse*, as in civil cases. It may be urged that the people may not be ready to bring on a trial, and may thus, in some cases, lose the benefit of the witnesses altogether. It is better so than to have innocent persons suffer imprisonment in order that even the guilty may be convicted.

I recommend, for the third time, that power be conferred upon the Oyer and Terminer, or upon the Supreme Court at General Term, to grant new trials upon the merits or upon newly discovered evidence, in cases of conviction before the Oyer and Terminer. The courts of sessions, which are inferior tribunals, have this power in cases of conviction before them. A person wrongfully convicted in the Oyer and Terminer, no matter how clear his innocence may be shown by newly discovered evidence, has no remedy save a pardon from the Executive.

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I recommend that the laws relating to the insane be revised. As they are now, any two justices of the peace, upon the certificate of two physicians, may deprive a man of his liberty on the ground of lunacy, and order him to be confined in a lunatic asylum. A bill was passed, at the last session of the Legislature, upon this subject, but some of its provisions seemed to me to be objectionable, and it was generally objectionable, in that its operation was limited to the city of New York. For these reasons I withheld my approval from it. There can be no doubt that there is room for great abuses under the law, as it stands. I recommend that all physicians who may grant certificates of lunacy, and all magistrates, who issue an order of commitment to an asylum, be required, under heavy penalties, to report their action at once to the county judge of the county within which the order was made, and that all superintendents of public and private lunatic asylums, be required, under like penalties, to report forthwith the arrival of every patient at their respective establishments, to the county judge of the county whence the patient was sent; that the county judge be required to investigate the case, summarily, and confirm or annul the proceedings; and that he be empowered, at any time, on his own motion or on the application of any one interested in an alleged lunatic, to re-open the hearing of a case, and to conduct such rehearing, with or without the aid of a jury, as to him may seem best, and thereupon, in his discretion, to discharge the alleged lunatic. Whether any amendments to existing laws relating to the State Asylums for the Insane be found necessary by you or not, I recommend that private

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lunatic asylums be brought under some system of licensing by the public authorities. The Legislature should provide for their supervision and frequent visitation. Inasmuch as the State permits the detention of insane persons in such private institutions, it is right that the same watchful care should be exercised over persons confined in them as over those in our public hospitals.

For the fourth time, I recommend an amendment of the laws relating to murder. Instances of homicide occur where intent to take life is proved, but where the facts are such that the jury are unwilling to find a verdict of guilty of murder in the first degree, because the peculiar facts do not warrant the extreme penalty of death. They cannot, under our present statutes, define the case as one of murder in the second degree. They are driven, therefore, to either acquit or render a verdict of guilty of manslaughter in the third or fourth degree, although conscious that the light penalty awarded by the law to these two degrees of crime is very inadequate. I recommend that either the maximum punishment for manslaughter in the third degree be made much greater, or that when the degree of premeditation does not, or other facts do not, in the judgment of the jury, justify punishment by death, they be authorized to render a verdict of murder in the second degree, to be punished by imprisonment for life, or for a term of years, in the discretion of the court. It is no valid objection to the above amendment that, under it, juries would have too great discretion in the matter of enforcing the death penalty. They exercise that discretion now, in many instances, and do so with the law as it stands, at the cost

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of rendering a verdict not satisfactory to themselves, and of allowing a very serious crime to go unpunished, except by the light penalty attached by the law to one of lower grade.

I respectfully suggest that all bills, making large appropriations of money be passed by you at a period of the session early enough to enable me to return them to you with objections, if I have any to make; so that I shall not be obliged to consent to items not, in my judgment, proper, as the only means of avoiding the defeat of other just and necessary appropriations. The Supply Bill, as it is commonly called, has always been sent in for approval after the Legislature had adjourned, leaving me no alternative but to approve of it as a whole, or to let all the appropriations made therein go over, many of them being required at once for the support of the various departments of the government. The practice has grown up of inserting in this bill items of appropriations of money which have no proper connection with the general purposes of the bill as indicated in its title; many of which items, I am satisfied, would not, if proposed in separate bills, receive the sanction of the Legislature. This practice has become a great abuse.

I recommend the immediate repeal of the general town bonding act. Without discussing the policy of this law, I suggest that aid has already been given to railroads, upon the credit of municipalities, to quite as great an extent as is wise, and, in some instances, to the oppression of tax-paying communities. Its early repeal is, in my judgment, important to the general welfare of our people.

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EIGHT HOUR LAW.

In 1870, what is commonly called the eight hour law was enacted by the Legislature and approved by me. It provided, among other things, that eight hours should constitute a legal day's work upon all the public works of the State, and that any public officer, who should violate or evade its provisions might be removed by the Governor, or by the heads of departments to which such officer was attached. By this act the Legislature intended to hold out the promise, on behalf of the State, to the laborers who might be employed on any public work, that they should receive a full day's wages, at current rates, for eight hours' work. The spirit of the promise has not been kept; yet no case has arisen where a removal of a public officer could legally be made. The laborer understood the law to provide for a reduction of the hours, but not of the wages of labor. The State ought not, under the forms of law, to deceive any portion of its people. Its practice should be in accord with its professions. It demands a general obedience to its statutes, and should itself set the example of strict conformity with its own laws. While the law stands upon the statute book, the professions embodied in it should be made good by such amendments to it as will render the fulfillment of its purpose certain.

TAX REVISION.

Under the provisions of a joint resolution of the Legislature passed April 25, 1870, I appointed David A. Wells, George W. Cuyler, and Edwin Dodge a commission "to revise the laws for the assessment and collection

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of taxes;" which commission, in the discharge of its duties, presented a report in February, 1871. The report was so important and exhaustive in its character, and so novel in its suggestions, that although I had supplied copies thereof to the Legislatures of the other States, and to municipal bodies in this country and in the British Provinces, yet, notwithstanding the very large edition issued by the State, the Report has been twice reprinted, at private cost, in order to meet the demand for it among the general public, to wit, once in this country and once in Europe; the latter reprint being issued, with a preface by the Secretary of the British Board of Trade, by an association of gentlemen for distribution among the people of Great Britain.

In respect to personal property, the report of the commissioners shows that the whole amount thereof assessed and taxed is not as much as thirty per cent of the real estate assessment, or not in excess of the railroad and banking capital alone of the State; while the probable proportion of such property assessed to its true value is not more than *fifteen* per cent. The commissioners, furthermore, present a large amount of evidence tending to show that not only is such a result unavoidable under existing laws, but that the tendency of things (through recent court decisions, the offsetting of indebtedness against assets, and the exemption of United States and other securities from taxation), is to become worse; and that at no distant day, the present system of taxation in this State will be brought down, practically, to an exclusive tax on real estate and bank capital.

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Another matter of great importance, to which the commissioners call attention, is the circumstance that during the last few years the legislation of contiguous States, in respect to local taxation, has been of a much more liberal character than that of New York; and that, in consequence, the interests of New York have suffered, and are likely to continue to suffer unless remedial or reciprocal legislation is provided. Thus, for example, the States of Maine and Vermont, and also the British Provinces which border upon New York, have either wholly, or for an extended period, exempted manufacturing industry from all taxation. The new territory of the District of Columbia exempts all evidences of debt, that is, bonds, mortgages, negotiable instruments, etc.; the State of Maryland, all bonds and mortgages for the city and county of Baltimore; New Jersey, bonds and mortgages for a large part of her territory contiguous to New York; while Pennsylvania, proceeding much farther in this same direction, has exempted the machinery and capital of manufactures from local taxation, and, practically also in a great degree, her banking capital, evidences of debt, and all vessels engaged in foreign and domestic commerce.

New York is soon likely to be forced, by considerations of self-interest and self-defense, into giving this whole subject of State taxation careful attention.

The system recommended by the Commissioners, and of which an outline code has been already submitted to the Legislature, is substantially as follows:

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First. To tax real estate in like manner as under existing laws; provisions for enforcing valuation according to a common and well defined but moderate standard being at the same time prescribed. It is understood that the Commissioners favor the creation of an office, whose incumbent shall be especially charged with the enforcement of the laws relative to taxation, and be invested with all necessary powers for accomplishing such object, and insuring, so far as possible, equity and uniformity.

Second. To tax moneyed corporations of the State in conformity with existing laws.

Third. All experience, and especially the experience of New York, shows that the attempt to tax, directly, property other than such as is embraced under the two before enumerated classes, affords little revenue; it fails in execution, and is certain to yield less of revenue in the future than in the past; and above all it discriminates against the industry of New York in comparison with other States. The commissioners propose as a substitute and equivalent for all such defective taxation, *to tax the occupier, be he owner or tenant, of any and every building used as a dwelling, or for any other purpose, on a valuation of three times the rental or rental value of the premises occupied; but not including under such assessment, any land except such as the building stands on, or is essential for access thereto.*

All property not embraced under one of these provisions, as above stated, is to be exempt from taxation.

The principles on which the commissioners have

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founded this part of their system, are stated by them as follows:

"That the market value of real estate is always proportional "to and dependent on the amount of personal property, or rather "productive capital, placed upon it, or in its immediate vicinity.

"Only, therefore, as personal property or productive capital "is brought in connection with real estate, does its value become "appreciable and augment.

"Applying, practically, to New York the proposed system "for taxing personal property, through buildings or rentals, as "its representative, the commissioners say, that examination will "show that the aggregate of taxation, according to the new sys- "tem, on the occupiers of buildings, *will be the lowest in the most "sparsely settled agricultural districts of the State.* Property here "is mainly in land, and the value of buildings is generally much "less than the value of this land with which they are connected. "As we leave the sparsely settled agricultural districts, and rise "through the more densely populated portions of the State, from "the towns to the villages, from the latter to the cities, and from "the cities to the great metropolis of the continent, we shall find "that the value of land, of buildings, and the aggregate of taxa- "ble valuation will increase as the amount and accumulation of "personal property increases, until land and buildings attain "their greatest market and tax valuation in Wall street, Broad- "way and Fifth avenue, where the accumulation of personal pro- "perty is the greatest. It is also to be observed that, starting at "the bottom of the scale, with the value of land greatly in excess "of the value of the buildings connected with the land, that this "difference, as we progress upward through the more densely "populated districts, gradually diminishes, until, as is the case "very frequently in the cities, *the value of the building greatly "exceeds the value of the land in which it is situated.*"

"And yet, while under the proposed system, the agricultural "districts would, as now, pay the smallest proportion of the "aggregate taxes, and the villages and cities as now also the "largest, there would be no injustice, but on the contrary, one "uniform, equitable rule of valuation and assessment."

"The sum of *three times* the rent or rental value is taken as the

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"substitute for personal property, other than what is invested in "the stocks of moneyed corporations, on the assumption that no "person can occupy any building, who is not possessed of such "property, at least to the extent of the valuation adopted; an "assumption fully sustained by evidence and investigation."

The Commissioners allege, in regard to their proposed new system, that, under the *first* and *second* provisions, nearly all the property now subject to taxation will be embraced; and that, under the *third* provision, property additional, or rather ability to contribute to the expenses of the State, commensurate to the protection which the State accords to the person assessed, will be embraced to the extent of from *five hundred* to *seven hundred* millions; thus reducing the rate of taxation all over the State, and especially relieving the labor and capital invested in agricultural and manufacturing industries, and in shipping, which it ought to be the object of the State especially to favor.

When the report of the commissioners was presented in February, 1871, it seemed to me and to the Legislature advisable, that on account of the novelty of the views presented, the consideration of the whole subject should be postponed for another year in order to allow of the fullest discussion and consideration on the part of the public, and pending all action the Legislature instructed and authorized the commissioners to prepare a code in accordance with their recommendations. This code, with a further report, will be ready at an early period of the present session, and I should fail in my duty if I did not ask for it in advance the most careful consideration from both the Legislature and the people.

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Street Processions.

The subject of the regulation and control of processions in public streets has been made one of special interest by unhappy occurrences in the city of New York in July last. The occupation of the public streets by bodies of men for the purpose of civic as well as military processions has been permitted under a custom so long established that it has come to be looked upon as a common right. The local police must have, of course, great discretionary power in the matter of regulating such processions. It has been the practice of New York city to afford them protection by the presence and escort of part of the police force, without reference to the occurrences which the demonstrations were designed to celebrate, or to the race, color or sentiments, political or religious, of those engaged in them. Our respective political parties have been in the habit, on the eve of an election, of getting up such demonstrations, not only in New York but throughout the country, with banners and mottoes indicative of their own views and not unfrequently reflecting with severity upon those of their opponents; all which are looked upon, usually, by the by-standers of either party, in good humor and perfect toleration. Noted events in our own history have been commemorated by great public demonstrations in the streets, and, in like manner, men of foreign birth or descent, have celebrated occurrences remarkable in in the civil, military or religious record of the country from which they sprang, or of the faith and church in which they and their fathers were educated. This right of procession has been considered to be established by

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custom as firmly as the right of free discussion and as is the right of the people "peaceably to assemble" by the Constitution of the United States, and may be regarded, in some sense, as a practical exercise of those rights.

A procession had been proposed for the 12th of July last, to which objection was made by persons holding views adverse to those to be celebrated, and they resolved to prevent it by violence, if necessary. Opponents of the first proposed procession organized another for the same day, with substantially the same line of march. The police of the city, deeming it almost certain that a serious breach of the peace would ensue, and in order to prevent it, forbade both of the proposed demonstrations. The order forbiding the processions was not submitted to me by the Police Commissioners, for consideration or approval, nor did they ask my advice upon the subject. The order was made by them in the exercise of their exclusive discretion and lawful power, and it was not my lawful right, on my own motion, to interfere with that discretion. On the afternoon of the day on which the order was issued and published, which was the day before that proposed for the processions, I received, while at the capital, information that the local authorities thought my presence in the city was desirable. I repaired thither, immediately, and advised that the police order be revoked. I was satisfied that it would be generally regarded as having been made by those in authority in submission to the demand and dictation of those who were not, and as subversive of the equal rights of men of all races, creeds and

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sentiments to protection, and would tend to permanent strife and bitterness, and to the disturbance of the peace of the State, perhaps, for many years to come. In deference to my advice, the order was revoked by the same authority which had issued it. My duty, then, was plain, to wit, to sustain, by the whole power of the State, the local authorities in repressing threatened disturbances, and by so doing, to assert the equal rights of all citizens. The loss of life that ensued from the use of military force is a matter for great regret. It is clear, however, that whatever may be the cost, the rights and privileges of all classes of men must be alike protected, or none are safe; and that the prohibition of a procession representing one class of sentiment to-day, upon the demand of its opponents, or otherwise, would be taken as a precedent for interference, on another occasion, with one representing the opposite views, to the constantly recurring disturbance of the public peace, and to the abridgment of the privileges of all. I submit to your judgment, whether any new provisions of law are required regulating this matter of street processions and public demonstrations, which, good temper being preserved, have, heretofore, been harmless recreations for those engaged in them and for great numbers of lookers-on. Whatever laws you may pass on the subject should secure equal privileges to all men of whatever religion, of whatever politics, of whatever race, color, or creed.

UNITED STATES SENATORS.

I recommend that you pass a joint resolution requesting the Senators and Representatives from this State in

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the Congress of the United States to use their efforts to have the following amendment to the Constitution of the United States proposed by the Congress, to wit:

"After the adoption of this amendment, Senators from each State shall be chosen by the people of the several States, and not by the Legislatures thereof; whenever the term of a Senator is about to expire, his successor shall be chosen by the people of his State at the general election for members of the House of Representatives in such State, occurring next previous to the expiration of such term; and whenever a vacancy shall happen, otherwise than by expiration of term, such vacancy shall be filled at the first general election for members of the House of Representatives which shall take place in the State in whose representation in the Senate the vacancy shall have happened, not less than three months after the vacancy shall have occurred, and in the meantime the Governor of the State may make a temporary appointment of Senator until the expiration of one month after the election at which the vacancy shall be permanently filled."

The Legislature of a State has its own proper duties to perform, to wit: that of providing good laws for the internal government of the State, with which the choice of a Senator of the United States has no natural connection; and the members of a State Legislature should be chosen solely with reference to these, their proper duties, and not with reference to their probable votes for this or that candidate for Senator.

It is obvious, too, that the distribution of Assembly and Senatorial districts in the State may, at times, be

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such that a majority of the members of the Legislature, although freshly chosen, do not represent the popular majority in the State. In such instances, a Senator may be chosen who is not in accord with the majority of the people, and who, in such case, does not represent the State at large, as he properly should do. I can see no good reason for devolving the election of a Senator upon the Legislature; while the arguments against doing so are many, and, it seems to me, unanswerable. The people are quite as capable of electing a Senator by their own direct vote as they are of electing a Governor; and there is no need of delegating the important power of choosing a Senator of the United States to any electoral body.

NEW YORK CITY.

The recent exposure of great wrongs in the administration of the local government of the city of New York, has aroused public attention, to an extraordinary but wholesome extent, to the necessity of a reform in the conduct of public affairs. In that city especially, the people have spoken in a way which must not be misinterpreted. They demand an improvement in the condition of their local government through legislation, which shall have in view neither party nor personal ends, but the permanent general good. The limits of this message forbid a discussion of the causes which, for a long time, have been contributing to the results recently laid bare. For many years the city had not had a charter under which it was possible for its people, even if they had been willing to attend to their own interests, to have

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secured an efficient and faithful local government. At one time governed under local laws which failed to fix responsibility anywhere, at other times under varied, disconnected and irresponsible commissions, created to enable minorities in the city to exert political control; confusion, mismanagement and extravagance were apparent to every one, but the responsible authors thereof were concealed under the complicated machinery which was unwisely substituted for a simple government of the people. In my first annual message to the Legislature, while calling attention to evils then existing, I said: "Every dollar paid for taxation should draw with it direct responsibility, and every officer should feel himself at all times on trial for his public acts. No party could then long maintain local ascendency which did not nominate its best men for office, and did not by economy and good government, make their control of affairs consistent with the interests of the people;" and I added: "No good government can be secured to any great city unless it shall have one responsible head, in whom shall be vested all executive power, and to whom, as the elected representative of the people, all departments charged with executive duties shall be directly and summarily responsible and accountable. If, with this as the fundamental idea, a plan shall be devised which will give to the political minority within the city a just representation in its councils, we shall, doubtless, secure better results in municipal government than have ever before been attained."

The same views, excepting those upon minority representation, had been, on several occasions, in nearly the

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same language, urged by me while Mayor of New York, and were reiterated in my second Annual Message, as Governor, in 1870.

During the session of 1870 the present New York charter was enacted. It received very extensive favor from the press, and passed by a nearly unanimous vote of both houses of the Legislature; another form of charter, submitted to them previously at the same session, having been, by a decided vote, rejected. As a whole, the charter adopted was a great improvement on the then existing condition of things. By its provisions and those of a law passed almost simultaneously with it, the former Board of Supervisors, the members of which had been designated in such a manner as to leave the people practically no choice in the selection of them, and against whose management of public affairs the complaints had been, for a long time, many and loud, was abolished, and aldermen, elected by the people at large under the new charter, were substituted. It broke up the irresponsible district commissions in which the city government proper had been substantially merged, and provided for new departments embracing every branch of public duty, to be organized by the Mayor of the city. It restored to the people of the city their constitutional right of local self-government, of which they had been for many years deprived. It defined the responsibility of those in authority; so that, in case of wrong-doing, the people could tell at once upon whom to cast the blame.

It was a first step in reform, casting aside, as it did, a very vicious system of government, the evils of which had long been manifest to many, and are now manifest

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to all. It was not an unusual mistake, that in providing a remedy for then existing evils, others, likely to come out of the remedy itself, were overlooked. This was the fatal error in the legislation which, many years ago, transferred the government of the city from the people to irresponsible commissions. It will need great caution to avoid like mistakes in framing a new charter.

The chief defect of the present charter is in recognizing the mistaken doctrine of the Congressional tenure of office law, whereby a subordinate in administrative duties is made independent of the appointing power, instead of being subject to summary removal by the chief executive officer for cause satisfactory to him. The length of term of office assigned to some of the departments would not have been found, in practice, objectionable, if the power had been given to the Mayor to remove, summarily, for miscondnct. As a substitute for this wholesome power of removal, it was provided, in harmony with the erroneous doctrine so prevalent of late years—that good administration is to be secured by scattering instead of concentrating responsibility — that the Mayor should have no power over the subordinate officers, in case of misconduct, except to accuse them before the court of Common Pleas, as the means (and the only means), of removing them from office, while the Mayor himself was not made subject to removal by the Governor.

A somewhat lengthened tenure of office in some departments of the city government, such as are created to carry out, or to administer some special work, may be, for many reasons, desirable; and is not objectionable, if the power be given to the Mayor to remove, for cause, to

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be publicly assigned by him. The parks of the city and the Croton Aqueduct have been thus administered from the beginning. All officers connected with the general administration of the city affairs, the Comptroller, the Counsel to the Corporation, the Chamberlain and others, should be appointed by the Mayor, with or without the consent of the Aldermen, be removable by him, and go out of office with him at the end of his term, as a matter of course.

My judgment is not in favor of requiring the consent of the Board of Aldermen to appointments. To do so leads to a division of responsibility and opens the way for bargains whereby one appointment may be dependent for its confirmation upon the consent of the Mayor to give other places to favorites of the Aldermen.

Though the charter was not all it should have been, it was the best that could then be obtained, and it promised relief from great and long continued wrong, under which the people of the city had been suffering, and from a system of government, the abuses under which are now coming to light. The misconduct, recently exposed, was not a consequence from any of its provisions.

The responsibility for the wrong-doing, which has very justly aroused public indignation, does not rest so much upon the charter as upon individuals who held office in the city before the charter was passed, and took office also under it. The difficulty with the charter, in this connection, is that it provided no means for summary removal from office. The auditing of the alleged claims against the former county government to the extent of six millions of dollars and upward, to which the public

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attention has been chiefly directed, was made not under the charter, but under a clause in the bill commonly called the New York county tax-levy; a clause, perhaps not objectionable in itself, if the powers which it conferred had been faithfully and carefully executed. The annual tax-levy of New York should no more be made up by the Legislature than that of any other county. It has been the practice for many years, to have the city tax-levies passed upon by the Legislature, and this has been the occasion of great abuse; the estimates of the city authorities being almost always largely increased by the Legislature. One of the good results looked for from the enactment of the present charter and other laws passed at the same time, was the abolition of the practice of bringing the city tax-levies into the Legislature.

I allude to these facts not because I would recommend retaining the present charter, but because I think they ought to be known and understood. Many of the provisions of this charter cannot, in my judgment, be improved upon, but it is under popular disfavor, and I recommend its repeal and the enactment of a new one in which all that is good of the old one may be retained, all that is evil rejected, and all that is defective remedied.

The people of the city have, by their recent concerted and intelligent action, proved their capacity to manage their own affairs, and to redress their own wrongs. They demand of the Legislature now, not a return to systems which have upon trial proved to be failures, but the establishment of the wisest and best form of a strictly local government; the prominent features of which shall be executive power and responsibility in its Mayor,

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clear and well defined accountability of all officials and frequent opportunities for the people to rid themselves of a local administration not faithful to their interests. It would not be wise for the State to take any part of the responsibility for the management of the local affairs of New York city. It is the duty of the State to give to the city a good organic law under which its people can manage their own affairs and protect their own interests, and then let them understand distinctly that success depends on their own willingness to attend to their public duties. If they will not give attention to their own affairs, no form of charter nor provision of law can secure to them good government. Municipal wrongs are not to be cured by the mere passage of a new law, however perfect in its structure; and it is certain that any charter framed to promote personal or partisan interests, will have, as it deserves to have, a brief existence.

New York city needs a permanent charter, as well as a good one; one which cannot be nullified or substantially repealed by the surreptitious insertion of a clause in a tax levy, or some other bill, or even by a specific law, with any and every change in the persons composing the Legislature. The charter of a city of a million inhabitants should be as well considered, as permanent and almost as sacred as the Constitution of a State. It should not only provide for the organization and conduct of the various departments of the local government, and clothe it with power to raise by annual tax the moneys necessary for its maintenance, but it should limit and restrict its power to create debts, except, by the consent of its people, expressed in a

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formal and authoritative manner. In this respect it would be well if we could imitate in part at least our own State Constitution, which, after providing Sinking Funds for the payment of existing debts, forbids the creation of any new indebtedness, except with the express consent of the people, for some single work or object to be specified in the law, which must provide also for a direct tax to pay the interest every year, and the principal in a specified period. This permanent character cannot, however, be secured to a charter, without an amendment to our State Constitution.

In framing a new charter, now, the following points should be kept prominently in view:

1st. Fixing the responsibility for good administration of all city affairs upon the Mayor; and to this end giving him full power of appointment and removal of all heads of departments, except the police.

2d. Giving the people an early opportunity for a new election of local officers.

3d. Making the Mayor subject to removal by the Governor, for malfeasance in office or neglect of duty.

4th. Providing for a police department, with three commissioners, to be appointed as follows: one by the Mayor, one by the chief judge of the Court of Common Pleas, and one by the chief judge of the Superior Court, to be removable, any of them, as in the case of sheriffs, by the Governor for cause. A board thus constituted and so subject to removal would be, as it ought to be, a strictly local board, subject to the same State supervision as sheriffs, who are conservators of the peace in their respective counties, and as free as any board could possibly

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be from the danger of improper personal or partisan influence.

5th. Requiring full monthly publication of all receipts and expenditures, and of all bonds issued, and frequent publication also of all contracts made by any department, with a statement of the general operations of each department and of their pay rolls.

6th. Concentrating the responsibility of those composing what may be termed the legislative branch of the city government, by constituting this of only one board, a Board of Aldermen not too numerous; this Board, with the Mayor, acting as Supervisors, levying all taxes. A second Board is not necessary. The Common Council is not called upon to pass laws, but to manage the affairs of a corporation. To divide it into two Boards has the effect simply of scattering responsibility, weakening the sense of responsibility and dividing the watchfulness of the public. Making the Board to consist of too many members will tend to the same evil results. If any plan can be devised for giving in the legislative branch of the city government, by election, a just and proportionate representation to the minority, it would be a wholesome improvement. In carrying out such a purpose, great care must be exercised lest the choice of their representatives be, practically, taken out of the hands of the people, as in the instance of the late Board of Supervisors, which was the worst device of modern times in connection with local government. The candidates named by either party were sure of being returned. The proper purpose of minority representation is to secure to the minority the opportunity of being

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heard in the public councils, without nullifying the rightful control of the majority or relieving it from its just responsibility.

7th. Providing that there shall be no debt created except for some single work or object by authority of law, and also under an ordinance to be submitted to or approved by the people of the city; every ordinance and law authorizing a debt to contain a provision for the extinguishment of the same within a fixed period; or else, giving to the Mayor an absolute veto upon all ordinances creating or increasing the city debt. Upon all other ordinances, his vote should not be overruled except by the vote of three-fourths of all the members elected to the board of Aldermen; and in the case of ordinances containing several items of appropriation of money, he should have power to veto some of them while approving of others.

8th. Giving compensation to all officers and appointees of the city government by fixed salaries and not by fees.

9th. Providing some well-defined, summary and effectual remedy in the courts for tax-payers against abuses of trust by municipal officers, with the right also given to them, under proper restrictions, to examine from time to time, the affairs of any of the departments.

10th. Providing that the acceptance of any office in, under or connected with the State government or the Federal government shall vacate any office held by the same person in or under the municipal government, and that no person shall hold more than one office, at the same time, in or under the municipal government.

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These suggestions, although made with especial reference to New York city, will apply generally to all large cities. City charters must, of necessity, according to population and circumstances, differ more or less in detail. What is needed in a city of a million of people, would not be required in one of fifty or a hundred thousand; and a general law aiming at entire uniformity in such charters is, in my judgment, not desirable. The people of any city, with a charter embracing the general provisions to which I have referred, can, if they choose, keep up a simple, honest and efficient local government; and under such a charter, if they will frown down corruption among the seekers as well as the holders of office; if they will condemn the lavish expenditure of money before election to secure office as earnestly as the stealing of it afterward; if they will make those who ask their suffrages understand that the candidate who by money demoralizes the elector is as much a criminal as the representative who takes a bribe; if they will bear in mind that spasmodic reform movements work no permanent good, but that a persistent attention to public affairs, on their part, is necessary to ensure a faithful administration by their representatives; they can secure all that is possible under any law or system of laws.

Simplicity is one great requisite in the charter of a city. Without it, responsibility can never be clearly and unmistakably defined and fixed. All complicated schemes which aim to secure to the minority an equal or unequal portion of the executive and administrative offices of a municipality, and so to make it share with

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the majority the responsibility of government will prove failures.

PURITY OF ELECTIONS.

At its last session, the Legislature adopted concurrent resolutions proposing an amendment of the Constitution relative to bribery. They have been duly published, and will, I trust, be favorably acted upon by you, so that they may be submitted to the people for their approval at the next general election. The proposed amendment relates to the corrupt expenditure of money to influence electors in voting, and, if it shall be adopted, laws may be enacted which will, if rigidly enforced, tend to check an evil which has assumed proportions of great magnitude. If I may believe current rumors, men of otherwise good repute are in the practice of standing at the polls in many portions of the State—even in this city, the seat of government—with money carried openly in their hands, and of paying it, on the spot, to electors for their votes. No such open and shameless use of corrupt means has been charged in the city of New York, much as is said of election abuses there.

The fact that large sums of money are expended throughout the State at every election is well known. Much of it must be spent for corrupting the electors. In city and in country, men are nominated to office because they have been able to purchase a majority in nominating conventions in the first instance, and because it is known they can expend large sums, afterwards, to promote their own election and that of their associates on the same ticket. Men, not candidates, but who take an interest in public affairs, are called upon to contribute, and do contribute lib-

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erally toward securing party success. Individuals and parties are aided by moneyed corporations, who hope in this way to secure favorable legislation for their own interests, or to buy the countenance and support of the government from which they receive their privileges. In this way the moneyed power of the country is brought in to control elections and secure to itself what it deems strength; but it does so at the risk of its own safety; for it thus debauches the moral sentiment of the community. The love of money, we are told, is the root of all evil. It is, assuredly, the root of all evil in free governments; and the lavish expenditure of money in elections is the chief cause of the corruption in our politics. A man who expends large sums of money to secure an office is apt to seek to make it up to himself when in office. I do not doubt that the multiplication of officers to be elected by the people has had much to do with introducing or increasing this corruption of our politics. The struggle between candidates for local offices is apt to be more intense than the competition for higher place before larger constituencies. It is easier, too, to calculate the influence of corrupt means, and it is easier, by them, to effect the election of candidates, when the constituency taking part in the election is limited in number. The amendment submitted to you will enable the Legislature to deprive of the right of suffrage every one who shall be convicted of receiving a bribe for his vote or of bribing an elector; and to pass laws providing that any candidate guilty of bribing the electors shall be deprived of the office to which, at any election where he was guilty of this offense, he may have been chosen.

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The inconvenience occasioned to the electors, by registry laws, is not to be counted against them, if, by their means, we can ensure pure elections. I have little faith in them to prevent fraud at the polls. They have been tried and have failed to prevent it. More frequent charges of fraud, and of frauds of a grosser character, have been made since registry laws were put in operation than before. Many who have watched their working insist that they can be easily made, and have been made, a convenient cover for frauds, which, without them, could not have been committed. They have this effect, certainly, that the vigilance necessary to detect illegal voting has to be extended over several days, instead of the one day of election, requiring more time for this purpose than men will spare from their private business; and so the watchfulness over the poll list is, ordinarily, less general and probably less complete than under the system of challenging on the day of election.

Upon principle, a registry law, if any be passed, should apply to all parts of the State alike. Yet I am satisfied that intelligent public opinion in the rural districts, among men of all parties, does not favor one there. The inconvenience and expense to the electors in such districts, from such a law, are very great, with no adequate good result in compensation. The conviction, however, prevails extensively among intelligent men that, in large cities, registry laws can be made useful in securing the purity of the ballot; and this conviction is so strong that the continuance of the system in the larger cities may be advisable. All laws requiring a registry of the electors, previous to an election, should be made as little vexa-

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tious and oppressive to honest voters as is possible, consistently with securing proper identification of the person claiming the right to vote and due examination of his right. It must be borne in mind that it is not the province of a registry law to define the qualifications of voters, or to confer or restrict the right of voting. That right is conferred by the Constitution, and cannot be taken away by act of the Legislature, except in the few cases specified in the Constitution. Any law which you may pass, therefore, ought not to be framed so as to work the actual disfranchisement on the day of election of any elector who, for good reasons, such as sickness or absence from home, or his not having arrived at full age until after the last day of registry, was unable to have his name registered.

The complaints with regard to the late election in New York and Brooklyn, made through the press, are chiefly of false counting of ballots and false returns by inspectors of election. The general suspicion of the existence of such an evil is almost as injurious as the practice itself; our people, if led to believe that it is carried on extensively, will neglect to vote, and will lose their habit of submitting quietly to the result of an election. The crime is, under our form of government, one of the worst, in its nature and in its effects, and should be punished accordingly. It is a practice which, persisted in, is more likely to overturn our government than any open war that can be levied against it. We have wisely, in our statutes, restricted the definition of the crime of treason to acts of open war against the State government, and to combinations of one or more persons to overturn it by

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force. The crime of making false returns of votes cast at an election is, nevertheless, of the nature of treason; for it seeks to take away the lawful power and destroy the rights of the true sovereign in our government, the people.

You have the power to attach what penalty you think necessary to any species of offense against the laws; and those imposed should be sufficiently severe to deter men from committing crimes, yet not so extreme as to be likely to protect them from conviction.

Effectual laws against bribery of the electors and to take away an office obtained by bribery, thorough protection of the right of challenge on election day, severe penalties against miscounting of votes and against illegal voting, ought to suffice for the protection of the ballot, and will suffice if citizens, juries and public officers will do their duty.

PURITY OF LEGISLATION.

The people cannot be too fully awakened to the dangers inseparable from the growth of moneyed power in this country, whether wielded by individuals or corporations. It makes itself felt everywhere in our politics, and aims to control, and too often does control, legislation in Federal and State capitals. We cannot directly strike at it in other States, or at Washington, but we can begin at the capital of our own State, and set an example to others. There is a popular belief that much important legislation, in past years, here, has been influenced by the direct use of money. This belief is so general and wide-spread, that it is due to the people that there should be a prompt

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and thorough legislative inquiry to ascertain whether it is well founded. If it be so, guilty men should be brought to justice under existing laws, if that is possible. If not, then proper laws should be passed to meet cases which may hereafter arise. The people will be slow to obey laws which, they believe, are enacted by a corrupt Legislature. Their demand to-day is not for municipal reform only, but for reform in every department of government, State and Federal, in which abuses may be shown to exist. Authority, whether executive or legislative, to be cheerfully obeyed, must be respected and honored.

CONSTITUTIONAL REFORM.

A few years ago the people of this State voted in favor of holding a Convention to frame a new Constitution; thus expressing their dissatisfaction with the existing Constitution. The Convention was held; but, on the result of its deliberations being submitted to a vote, the people rejected the proposed new instrument, with the exception of one article, to wit, that relating to the judiciary. It is not a fair inference from this action of the people that they desired a Convention for the single end of amending the judicial system of the State. That could have been done by the simple process of submitting, after due consideration by the Legislature, a single amendment, covering the one subject. The vote of the people calling a Convention indicated that they recognized many defects in our existing Constitution. The vote rejecting the substitute proposed by the Convention indicated that, in the popular judgment, the remedies suggested for these defects were not sufficient or satisfactory.

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In my opinion the present Constitution of the State is very defective as a frame work of efficient Republican Government. In considering this subject, it must be borne in mind that the population of this State is now larger than that of the whole Union when the Constitution of the United States was put into operation, and that our State has, in fact, in the number of its people and the great interests protected by its laws, the proportions of a nation. It must also be remembered that the comfort, welfare, and happiness of the people are affected in a very much greater degree by the laws of the State, and the manner of their enforcement, than by the operations of the general government. The title to property and the rights of, and the restraints upon, the owners of property, are regulated by State laws. The enforcement of business contracts of every nature are, in the main, in the hands of the State courts. The detection and repression of crime are dependent, except in a few rare instances, upon the enactment of proper criminal laws by the State Legislature and their due enforcement. The order of the community is under the guardianship of State laws, and dependent upon State authorities for its preservation. The powers of our Municipal governments, whose action influences still more sensibly the peace and comfort of every man's home, are conferred and defined by the State government. It is obvious, therefore, that it is a matter of transcendent importance to every citizen of this great Commonwealth, that it should possess a wisely constructed frame-work of government, adapted to secure the most wholesome legislation, the most efficient enforcement of law, the most faithful adminis-

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tration of its affairs, and an uninterrupted maintenance of order.

I do not recommend the calling of another Convention to revise the constitution, at this time. The attention of the people will be much engrossed this year by the Presidential election; but I trust that, immediately after that event, the efforts of our best citizens, of all parties, will be united to effect a thorough revision. Nor am I sure that a Convention is a necessary or the best means by which to attain the end.

A commission of thirty-two (32) eminent citizens, to be made up by selection of an equal number from each of the two great political parties, would, it seems to me, be as likely to work out a good result as a larger body.

Such a commission could have all the benefit of the debate incident to a larger body through intelligent discussions in the press and the voluntary suggestions of thoughtful citizens; and would be almost certain to agree upon amendments which would secure the popular approval.

If you should be of the opinion that it is wise to appoint a commission, there can be no objection to your creating it at this session. Its report would not be made until after the Presidential election, when the public mind would be in a condition to examine calmly, and to decide wisely. True, it is not the mode provided in the present Constitution for a revision of that instrument, but it cannot be doubted that a Constitution prepared by such a commission and submitted by them to the Legislature and by the Legislature submitted to the people in due form, would, if approved by a vote of

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the people, be regularly established and become substituted for the present Constitution.

You have, moreover, the constitutional power to originate any amendments to the existing Constitution, and if the same shall be concurred in by the Legislature to be chosen in eighteen hundred and seventy-three (1873), they may be submitted to a direct vote of the people, and if approved by them, will become a part of the Constitution.

My convictions are so strong that the present organic law of this State is full of serious defects, that I feel justified in calling your attention to the subject and pointing out the particulars in which, in my judgment, it fails as a means of securing to us the best possible administration of our public affairs.

The Constitution of the United States was constructed by a convention made up of the wisest and ablest men to be found in the thirteen States which then composed the Union. Each of these States had been obliged, some years earlier, to frame a constitution for its own government. The delegates from the several States did not, therefore, come together as men inexperienced and new to the work they were called upon to perform. They brought with them, from their several constituencies, varying and indeed conflicting ideas of the powers which ought to be conferred upon the new government about to be established, and the manner in which those powers ought to be distributed among its several departments.

There is, of course, this difference between that instrument and the Constitution of a State: that the former originated a special government and conferred on it certain

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powers and none other, while in the State government all the powers of government inhere, except such as, by the Constitution of the United States or by its own Constitution, it may be forbidden to exercise. This difference does not affect the question of how the powers of government may wisely be distributed among the different departments, Executive, Legislative and Judicial, nor that of how to provide the instrumentalities through which the government is to be administered. In most of these particulars the Constitution of the United States may wisely be followed.

Under the existing Constitution, the executive department of the State is not so organized as to insure the most efficient administration of affairs, and the most complete and direct responsibility. The duty of the chief executive officer, the Governor, is to see that the laws are faithfully executed. It is obvious that in the selection of the subordinate officers upon whom, within their separate departments, the duty is devolved of executing the laws of the State and administering its affairs, the chief Executive ought to have a controlling voice. The experience alike of public affairs and of private business prove the expediency of a single Executive. The laws and the rules under which public or private business is to be managed are to be carefully laid down and precautions taken against their violation; but, when, subject to these rules and within their limits, the chief direction of affairs is given to one person, the best safeguard for faithful administration is provided, by concentrating responsibility. The Governor ought to be held responsible for every branch of the actual administration of

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the State's affairs. Under our present Constitution, all the important departments are separated from his control. In the management of the finances of the State, of the Canals, of the State Prisons, in the prosecution of crime, the chief Executive of the State has not, as he should have, the directing power. In order that responsibility may be full, direct and unmistakably fixed, and that the people may always know who is to blame for any maladministration, all the heads of administrative departments should be subject to the supervision and the correcting power of the Governor. The duties of the Secretary of State are so directly connected with the details of executive action, especially in the matters of appointment to office and the issuing of pardons, that he ought to occupy the position of chief assistant and adviser of the Governor; and ought to be selected by him. The Attorney-General is the legal adviser of the Governor. The chief executive officer of the State should be allowed the privilege which all men exercise, of selecting for a legal adviser such person as is, in his judgment, the most competent. The Attorney-General ought to have supervision over and be responsible for the conduct of all that class of officers, throughout the State, which is charged with the duty of prosecuting for crime and other violations of State laws. Prosecuting officers for offenses against the laws of the State, now erroneously called District Attorneys, should not be county officers but be the deputies of the Attorney-General, appointed by him or by the Governor on his recommendation. In this way responsibility for the due enforcement of the laws could be brought home, as it

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should be, directly to the Governor, upon whom the duty is devolved to see that the laws are faithfully executed.

It appears to me proper that the Secretary of State and the Attorney-General should be appointed by the Governor without the intervention of the Senate, and hold office during his pleasure; and that the Comptroller, a Superintendent of Canals, and a Superintendent of Prisons, should, with or without the consent of the Senate, be appointed by the Governor to hold office during his own term, but removable by him at any time for cause. These officers would form a valuable council to the Governor.

On the Superintendent of Canals should be devolved all the duties now performed by the three Canal Commissioners and the State Engineer.

The management of the prisons of the State needs great reform which cannot be secured by a mere change of officers; the system is at fault. A Constitutional amendment has been suggested putting these institutions under the charge of a Board of Citizens who are not to be paid for their services. While that would be an improvement on the present system, reflection upon the subject has convinced me that a better amendment would be to supersede the present commission of three Inspectors (elected one every year by the people) by one Inspector of State Prisons to be appointed by the Governor and to be removable by him. An advisory or examining board of citizens might be valuable in addition; but for the actual administration of prison affairs and the appointment of all subordinate officers, it would be better to have the responsibility

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concentrated upon one man, that one man being accountable to the Governor, than to have this responsibility divided among the members of a board or a commission.

It might be well that the State Treasurer, being the actual custodian of the public moneys, and perhaps the Superintendent of Public Instruction, should be appointed by joint ballot of the two houses of the Legislature; but all other administrative officers of the State, in addition to those heretofore named, should, in my judgment, be appointed by the Governor, with or without the consent of the Senate, so as to make his responsibility for the good management of the public affairs complete. In connection with this part of the subject, I would recommend that the term of office of the Governor be extended to three years, which was its duration under the first Constitution of the State. If these changes could be made in the Constitution, the people would have an opportunity once in three years, of putting out of power the entire administration and bringing in a new set of men, whereas now they can make only a partial change every year. It has occurred more than once in consequence of a part of them going out of office each year, that some of the administrative officers of the State have been of one party, and others of the opposing party; a condition of things that bewilders the popular judgment when seeking to fix responsibility for maladministration.

In the Legislative department there is great need of providing additional safeguards against faulty and special legislation. For twenty years past, the laws passed exceed an average of five hundred a year; for the last

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six years they average over eight hundred a year, and it requires now two very bulky printed volumes of above two thousand pages to record the acts of each session. There can be no necessity for this mass of legislation. More than one thousand bills are now passed in a session; as the session lasts only about one hundred days, it will be seen that at least ten bills a day have to be passed through both houses, and as three readings should be had of each bill in each house, it is plain that deliberation by the members of the two houses over proposed laws is impossible.

Notwithstanding the deference which it is natural that the Executive should pay to the Legislature in matters pertaining to their special duty, that of law-making, I have found myself obliged, in the course of three sessions, to withhold my official approval from an aggregate of three hundred and ninety-one bills. In addition, more than one hundred bills have, after being delivered at the Executive chamber, been recalled by the Legislature for reconsideration, in order to correct inaccuracies or strike out objectionable provisions, discovered in my examination of them. It is not right to rely solely upon the Governor to review proposed legislation. It must happen, under the present habit of passing laws, that bills will, at every session, receive the Executive approval containing provisions which escape his scrutiny, and to which, if his attention had been called to them, he would have objected. The people must do their part, in guarding against improper legislation, when selecting their representatives in the Legislature; and the organic law should be so framed as to promote a wise selection.

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Provision ought to be made in the Constitution securing the actual reading of every proposed law on three separate days in each house, and forbidding any substitute for the full and free discussion which pertains to consideration of a bill in committee of the whole house.

The provision in the existing Constitution limiting the session of the Legislature to one hundred days, has had no good practical effect. It has not lessened the amount of legislation; it has simply caused the members to act with the more haste. The restriction should be removed and a fair annual salary be paid to Senators and Assemblymen. There is no true economy in withholding from public servants a just compensation for their labor.

As a better restraint upon undue prolongation of a session, I suggest that power should be given to the Governor to prorogue the Legislature at any time after it shall have been in session for one hundred days.

The chief office of a Senate should be to review the action of the other house, to check and restrain improvident, hasty or unwise legislation; and, for the best discharge of this duty, it should be composed of men well-versed in public affairs. Its name imports that it is to be a council of men of long experience. Every inducement should be held out to attract the right men to service in this body. The public cannot expect, any more than a private person, to command valuable services unless it offers an adequate reward. This reward need not be wholly pecuniary; the dignity of an office is often a more powerful inducement to the class of men we need in the public service. A long term and a large constituency would greatly enhance the dignity of the office

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of Senator, and make it attractive to our most distinguished citizens. If the Senatorial term were made four or five years and the State were divided into a small number of Senatorial districts, so as to throw the choice of Senator upon a large constituency, and the compensation made a fair one, I do not doubt that the ablest and most experienced of our public men would be found ready to apply themselves, in the Senate, to the important duty of securing good laws for the people.

In the constitution of the house of Assembly no improvement suggests itself to me, except to abolish the single Assembly districts as now established, and restore county representation; that is to say, that every county shall elect the whole number of Assemblymen to which it is entitled upon a general ticket.

In respect to the Judicial Department, the action of the people is so recent in adopting the new sixth article of the Constitution (still further action on their part next year, upon the mode of selecting judges in the future, being also already provided for), that it would not be wise to have any changes made.

Among the general provisions of the Constitution, there ought to be one limiting the amount of indebtedness which municipalities may incur, and defining the purposes for which it may be incurred. Uniformity of the several classes of local governments, counties, towns, villages, ought to be secured by constitutional guaranty; so as to prevent special legislation with regard to them. It is impracticable, as I have already said, to frame a uniform charter for all our cities. But there are certain fundamental characteristics which ought to be found in all city

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charters, and ought to be secured by constitutional provision.

There should be more specific constitutional restraints upon legislative power to grant special charters for private corporations; upon special legislation generally; upon legislative awards of extra compensation to claimants under contracts and otherwise; all of which tend greatly to encumber the statute book, demoralize the Legislature, and deplete the Treasury.

The veto power needs to be made more effectual. Two-thirds of all the members elected to either House should be required to overrule a veto, and where a bill contains several items of appropriation of money, the Governor should be authorized to refuse his assent to one or more of the items, while approving of others.

I have dwelt at this length upon the defects as they appear to me, of our present Constitution, as the best method of inviting attention on the part of the Legislature and the people to the subject.

The excitement of a long war, and the events succeeding it, have operated to divert our attention from our immediate home affairs. It is time we began to look to them.

The framers of the Constitution of 1846, eager for decentralization of power, made the mistake of supposing that this was to be effected by breaking apart and disconnecting the machinery whereby the State government is to be carried on, and by multiplying the number of elective officers. Decentralization consists in giving to the people of every county or other political subdivision complete control of their own proper local affairs, not in giving to

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the people of a county the selection of State officers, of officers whose duties are exclusively connected with the general affairs of the State and the enforcement of the laws of the State. It is singular that true decentralization, which is to be found in enlarging the powers of the Boards of Supervisors of the several counties, was not provided for in the Constitution except by leaving the matter to be regulated by the Legislature.

Of the various methods by which a revision of the Constitution may be undertaken, my preference is for the appointment of a commission consisting of thirty-two members; and I recommend the passage of an act for the appointment of such a commission.

Mindful of the fact that the majority of the Legislature and the Executive are of opposed political parties, I refrain from discussing questions connected with the administration of the Federal government, upon which our opinions and views would widely differ; hoping that, in dealing with the home affairs of the State, we may be able to work together, earnestly and heartily, for the promotion of the general welfare of our people.

JOHN T. HOFFMAN.

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STATE OF NEW YORK.

No. 2.

IN ASSEMBLY,

January 7, 1873.

ANNUAL MESSAGE OF THE GOVERNOR.

EXECUTIVE CHAMBER,
ALBANY, *January 7*, 1873.

To the Senate and Assembly:

FELLOW-CITIZENS — You are assembled under circumstances which demand the acknowledgment of our heartfelt thankfulness to the Sovereign Ruler of the Universe. The year which has just closed is marked by the usual abundance of our harvests, the general prosperity of our people, our exemption from the calamities of fire and flood, by which other communities have been desolated, and the absence of all minor evils, excepting such as are the fruit of our own errors and improvidence.

We have a special cause for gratulation in the prevailing calm which has succeeded the late contested election of the Chief Magistrate of the Union, furnishing, as it does, renewed evidence of the ready acquiescence of the people of the United States in whatever the majority, through the settled forms of the Constitution, deliberately decide. When we consider that five-sixths of all the States have cast their votes for the same candidate for their suffrages, may we not regard it as an indication that the animosities incident to the late deplorable conflict between the two great sections of our country are gradually wearing away, and that a liberal and enlightened policy on the part of Congress and the

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eminent citizen, on whom the public confidence has been thus signally bestowed, will lead to an eventual and not far distant oblivion of past differences? No achievement can be more intimately interwoven with our common prosperity, or more worthy of the co-operation of all good citizens, than the obliteration of those sectional distinctions which have proved so fruitful a source of discord and strife.

The administration of the federal government during the last four years has, under many important aspects, been eminently successful. More than three hundred and sixty millions of the public debt have been paid; the heavy burdens patriotically assumed by the people, to prevent a dismemberment of the Union by intestine war, have been essentially lightened through the abolition of taxes; questions of an irritating character between us and Great Britain have been amicably and satisfactorily settled; our obligations of good faith toward other nations have been scrupulously fulfilled, and the peace of the country has been inflexibly maintained in the presence of events which appealed with great force to our sympathies as a free people.

Withdrawing the attention from the broader field of our federal relations, and bringing it within the circle of our own immediate concerns, may I not appeal to you in the spirit of conciliation which presages for the former a tranquil future, to forget that party associations have ever divided us, and invoke your earnest and patriotic concurrence in the correction of abuses, the consideration of which entered so largely into the recent State election, and in regard to which the popular will has been so decisively expressed?

The first message of a Governor of the State must necessarily, from the short period intervening between his election and the meeting of the Legislature, be confined to the presentation of his own views upon subjects familiar to the great body of his fellow-citizens. He can only know the condition of the different departments of the State government through the reports of the officers

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having them in charge. These reports will be submitted to you, and I proceed to give a synopsis of them in anticipation of the more detailed information which they contain.

RECEIPTS AND EXPENDITURES.

The receipts and payments from the treasury on account of all the funds, except the canal and free school funds, for the fiscal year ending 30th September, 1872, were as follows:

Receipts	$14, 807, 252 34
Payments	14, 455, 552 73
Balance in the treasury	$351, 699 61

During the last few years the sums voted by the legislature for various objects were greatly in excess of the current revenues. By this improvident legislation deficiencies to the amount of more than six millions of dollars accrued and were left to be provided for by succeeding legislatures. I believe it to be a just and salutary rule that no appropriation of money should be made without providing, simultaneously, the means of payment. No better safeguard could be found against extravagant and inconsiderate legislation; for it is hardly to be supposed that a legislative body would have the recklessness to run the State in debt by wasteful expenditure, and incur the additional odium of laying taxes upon the people to defray them. An unsuccessful attempt was made to throw the burden of these deficits upon posterity by adding them to the permanent State debt, but it failed through a constitutional obstacle, and the amount was added, by the comptroller, to the tax levy for the current year.

I earnestly appeal to you to correct these errors on the part of your predecessors by abstaining from all expenditures which are not indispensable to an economical administration of the government. The people of the State are already weighed down by enormous burdens of taxation. I believe it to be in your power to lighten these burdens by a prudent husbandry of our financial

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resources, by providing for a more strict supervision and management of public establishments, which now make heavy drafts upon the treasury, and by restricting appropriations of money to State objects.

For the purpose of carrying these views into effect, I recommend the passage of a general law, authorizing and requiring the comptroller, whenever in any year an appropriation by the legislature shall exceed the amount of the revenue applicable to it, to provide for such deficiency by adding it to the tax levy. The people, on whom the burden falls, will be the more likely to scrutinize the appropriations by which it was created, and be enabled to decide whether they were required to meet the actual wants of the government, or whether they were the fruit of improvident legislation. In this manner they may hold their representatives to a strict accountability.

During the years 1869, 1870 and 1871, more than $2,000,000 were bestowed upon private charities, for the most part of a local and sectarian character. I consider these appropriations inconsistent with our obligations to the great body of the tax payers, on whom the burden ultimately falls. The institutions for the support of which they are made are, for the most part, purely local. They belong to localities in which there are large accumulations of wealth, and where private contributions may be readily procured to sustain such as are deserving of support. They are almost invariably under the exclusive control of particular religious societies, with some of which a feeling of jealousy and a sense of injustice are naturally excited by any unequal distribution of the public bounty among them. Moreover, it appears to me to be a violation of every principle of equal justice to tax the people of St. Lawrence and Allegany, or any other remote interior county or district, for the support of private or sectarian charities in New York or other wealthy and populous cities. The last legislature refused to make appropriations of

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the public money for these objects, and I hope you may consider their example worthy of imitation.

STATE DEBT.

The following statement shows the amount of the State debt on the 30th September, 1872, after deducting the unapplied balances of the sinking funds at that date:

	Debt on the 30th September, 1872.	Balance of Sinking Funds on the 30th September, 1872.	Balance of debt after applying Sinking Funds.
General Fund	$3,968,526 40	$2,767,567 49	$1,200,958 91
Contingent	68,000 00	19,710 50	48,289 50
Canal	11,396,680 00	1,449,978 15	9,946,701 85
Bounty	21,121,000 00	6,930 224 42	14,190,775 58
	$36,574,206 40	$11,187,480 56	$25,386,725 84

The sinking fund of the general fund includes $1,202,571.35, received since the close of the fiscal year, and from the sinking fund of the bounty fund the interest accrued to October 1, 1872, payable January 1, 1873, has been deducted.

Thus, the entire funded debt of the State, on the 30th of September, 1872, after deducting unapplied balances of the sinking funds, amounted to $25,386,725.84. On the 30th of September, 1871, the entire funded debt of the State, after a like deduction, was $29,482,702.52. There was, therefore, during the last financial year, a reduction in the amount of the funded debt of $4,095,976.68.

REDEMPTION OF THE STATE DEBT.

On the first day of this month $847,500 of the canal debt became due, and the principal and interest were paid in coin. In July and November $4,302,600 more will fall due, and will be redeemed in specie by the commissioners of the canal fund. I trust the good faith of the State, in its fiscal transactions, will be scrupulously maintained, and that the public creditors will not be asked to receive depreciated paper in payment of the debts due to them. At a former period, during a suspension of

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specie payments, the State officers charged with the management of its revenues paid in coin the interest on the debt then outstanding, and thus preserved the public credit inviolate. If it be justifiable, in seasons of public danger, to make any thing but specie a legal tender in contracts between individuals, thus departing from the only standard of value recognized by civilized States, and the only one to which transactions between independent communities can be made to conform, the policy and morality of continuing the practice in time of peace are both questionable. Indeed, no difference in principle is perceived between a compulsory acceptance of a depreciated paper currency and an adulteration of the national coin. Whatever dilatoriness there may be on the part of Congress to repeal the law thus affecting private obligations by bringing them to an arbitrary and degraded standard of value, our own duty towards our creditors is quite apparent. The propriety of some early action might be equally clear to the federal government if its paper were publicly quoted at 88 per cent — its present value — instead of quoting gold at 112, according to the established practice, in order to cover up a national reproach.

TAXES.

The State tax levy for the current year amounted to 9⅜ mills, of which 5½ mills were for bounty debt and canal and general fund deficiencies. The total amount of tax collected under this levy will be $19,580,882.30.

SALT SPRINGS.

The quantity of salt from the Onondaga salt springs, inspected during the last fiscal year, was 7,999,799 bushels — less by 579,394 bushels, than the production of the preceding year. The net revenue from this source was $34,622.12, exceeding that of the preceding year by the sum of $7,965.33.

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COMMON SCHOOLS.

The Superintendent of Public Instruction has furnished the following statistics for the year ending September 30, 1872:

Total receipts, including balance on hand, September 30, 1871	$11,462,900 26
Total expenditures	10,322,690 92
Amount paid for teachers' wages	6,953,318 53
Amount paid for school-houses, repairs, furniture,	1,988,460 34
Estimated value of school-houses and sites	28,632,967 00

Total number of school-houses	11,740
Number of school districts (exclusive of cities)	11,369
Number of teachers employed at the same time for the full legal term of school	18,031
Number of teachers employed during any portion of the year	28,495
Number of children attending public schools	1,010,242
Number of persons attending normal schools	5,657
Number of children of school age in private schools	131,519
Number of volumes in school district libraries	875,175
Number of persons in the State between five and twenty-one years of age	1,520,628

CHARITIES AND ASYLUMS.

The annual report of the commissioners of charities will present to you information and suggestions worthy of your deliberate consideration. I renew the recommendation of my predecessor, that an inquiry be made into the condition of pauper children in the several counties, with a view to some provision by which they may be saved from contamination by association with old and incorrigible offenders.

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BANKS.

On the 1st of October last seventy banks were doing business under the banking laws of this State. During the fiscal year circulating notes to the amount of $26,093 have been destroyed by the Bank Department. Forty-one banks have been credited with lost circulation to the amount, in all, of $213,341, the time for redeeming the same, after the usual legal notice, having expired.

The amount of circulation outstanding, including that of incorporated banks, banking associations and individual bankers, was, on the 1st of October last, $1,902,001.50. Of this amount the sum of $1,148,539 was secured by deposits of cash, stocks, or stocks and mortgages. The residue, being circulation issued prior to the passage of the general banking law, is not secured by any deposit in the Bank Department.

SAVINGS BANKS.

There were, on the 1st of July last, one hundred and fifty-one savings banks reporting to the Banking Department (two of which are closing), with assets to the amount, in the aggregate, of $292,305,325. These assets may, at this time, be estimated, upon the ratio of increase of the preceding six months, at $301,572,804. The number of persons having deposits in these institutions, was, according to the number of open accounts on the 1st of January, 1872, 776,700.

It is very desirable that the provisions of law regulating savings banks should be uniform; and, in my opinion, the object in view in the creation of these institutions — the security of deposits by individuals whose small savings are for the most part all they possess — would be best secured by a general law defining their powers, and by the repeal of all special privileges in existing charters inconsistent with it. As they are created for the benefit of persons in moderate circumstances, and not for persons dealing in

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large sums, the amount which any one individual should be allowed to deposit should be limited. I suggest further for the consideration of the Legislature whether the classes of securities in which these institutions invest should not be prescribed by law, and any investment by trustees in violation of it made a misdemeanor.

INSURANCE DEPARTMENT.

The number of insurance companies subject to the supervision of the Insurance Department on the first day of December, 1872, was 264, as follows:

New York Joint-Stock Fire Insurance Companies	93
New York Mutual Fire Insurance Companies	7
New York Marine Insurance Companies	9
New York Life Insurance Companies	32
Fire Insurance Companies of other States	78
Marine Insurance Companies of other States	1
Life Insurance Companies of other States	28
Casualty Insurance Companies of other States	3
Foreign Insurance Companies	13
Total	264

The total amount of stocks and mortgages held by the Department for the protection of policyholders of Life and Casualty Insurance Companies of this State, and of Foreign Insurance Companies doing business within it, is $9,107,493.54, as follows:

For protection of policyholders generally, in Life Insurance Companies of this State	$3,961,143 54
For protection of registered policyholders exclusively	2,815,350 00
For protection of casualty policyholders exclusively	1,000 00
For protection of fire policyholders in Foreign Insurance Companies	2,027,000 00

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For protection of life policyholders in Foreign Insurance Companies.....	$303,000 00
Total deposit.....	$9,107,493 54

MILITIA.

The uniformed militia of the State, known as the National Guard of New York, consists of eight divisions and twenty-five brigades, distributed among the different arms as follows, viz.: One regiment, one battalion and nine separate troops of cavalry, twelve batteries of artillery, thirty-seven regiments and six battalions of infantry; making an aggregate of twenty-three thousand six hundred and seventy-two officers, non-commissioned officers, musicians and privates.

I need not say how important it is to give to the different corps the greatest possible efficiency in organization and the most effective armament. Without much opportunity for observation, I nevertheless have the impression that little remains to be done by law to accomplish both objects. It is my purpose to give special attention, through my military staff, to the inspection of the troops, arsenals and armories, and to the drill by brigades, when it is practicable, so that regiments may be prepared to act in larger bodies in case of sudden emergency. I have the pleasure of communicating for your information the following extract from the annual report of the late faithful and zealous Adjutant-General: "The excellence of the National Guard in drill, discipline and general efficiency has continued, and it may safely be said that never before in its history has it stood higher in reputation or enjoyed in a greater degree the good will of the people."

QUARANTINE.

During the past year one hundred and fifty-two (152) vessels were detained in quarantine for sickness which had occurred on them while in port or on their passage to New York.

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One hundred and fifteen (115) vessels had six hundred and eighty (680) cases of small-pox, of which two hundred and seventy-four (274) were fatal, nearly all the deaths occurring before the vessels reached port. This extraordinary number of deaths is due to the use of the old sailing packets from Germany, where the emigration, after the close of the war, was greater than the capacity of the steamships.

On board of these one hundred and fifteen vessels there were exposed to the disease, in a greater or less degree, seventy-three thousand three hundred and six (73,306) persons, passengers and crew.

Thirty-four (34) vessels had yellow fever on them; on these there were one hundred and sixty-nine (169) cases and forty-seven (47) deaths, there being nine hundred and five (905) persons exposed.

Twenty-four (24) of these vessels had yellow fever on board at the time of their arrival, and forty-five (45) cases were sent from them to the West Bank Hospital, and nine (9) of them proved fatal.

Four (4) vessels brought six (6) cases of ship fever, to which two thousand six hundred and ten (2,610) persons were exposed.

Twelve (12) vessels arrived from ports known to be infected with cholera, but no cases of cholera occurred.

During the quarantine season, from the first of April to the first of November, one hundred and thirty (130) vessels from ports infected with yellow fever were detained for observation. Of these, seventy-one (71) were required to lighter the whole, or part, of their cargoes, before going to the city. Sixty-four (64) of them were from the port of Havana, and the remaining seven (7) from the ports of Pernambuco, Manzanilla and Maracaibo. The experiment of leaving the work on these vessels entirely in the hands of the owners, subject only to such sanitary restrictions as were necessary to the public safety, was tried by the health officer with signal success. Any responsible person is permitted

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to work upon the ships who has authority from the owners of vessels or cargoes, and executes a bond to the health officer for the strict observance of the rules for sanitary restraint and detention.

HOFFMAN ISLAND.

During the year an earnest effort has been made to complete the buildings on the upper quarantine structure, known as Hoffman Island. The three buildings will be ready for use by the opening of spring. In anticipation of their being in readiness, the steamship Albany, which was loaned to quarantine by the United States authorities, has been returned.

The steamboat Andrew Fletcher, belonging to the quarantine department, was burned during the month of December while lying at the dock, and when no fire or steam had been raised for the last eight hours. The accident was caused by defective felting over the boiler. In view of the necessity which exists for a boat, for the general operations of quarantine, and the superintendence of the work now in process of construction on Hoffman island, the boat should at once be rebuilt.

The health officer, in connection with the commissioners of quarantine, acting under authority of the law passed at the last session of the legislature, has selected and contracted for a site to be used as a boarding station for vessels arriving from non-infected ports.

I recommend the discontinuance of the commissioners of quarantine as a salaried board, continuing then as a court of appeal from the decisions of the health officer, with a per diem allowance when actually employed. The main object for which the board was created has been substantially accomplished, and by the arrangement proposed a considerable sum will be saved.

Under the present faithful and efficient health officer complaints against the administration of the office have ceased. To be prepared for the possible maladministration of the office by an incumbent of a different character, I think the power of removal, formerly possessed by the Governor, should be restored to him.

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EMIGRATION.

The number of alien emigrants landed at the port of New York during the year 1871 was 229,639, and the number landed during the year 1872, 293,603, making an excess during the latter year of 63,964.

The institutions of the commission consist of the emigrant landing depot at Castle Garden, and hospitals, refuges and other buildings sufficient for 2,500 sick and destitute emigrants, with 120 acres of land on Ward's Island. All alien passengers on their arrival at New York, for whom commutation is paid, are entitled to the protection of the commission, for a period of five years from the date of their arrival. The board after an experience of nearly two years find the commutation fee of $1.50, to which sum it was reduced from $2.50 by the legislature in 1871, inadequate to the legitimate and necessary expenses of the department, although carried on, as the commissioners state, as economically as it was by their predecessors in office; and they ask that the attention of the legislature may be called to the subject. Their annual report will be submitted before the 1st of February, containing all information in regard to their receipts and disbursements.

CANALS.

The revenues of the canals from all sources for the fiscal year ending the 30th September, 1872, amount to	$3,078,247 96
And the payments for ordinary repairs and cost of collection	1,875,676 61
Leaving a surplus of	$1,202,571 35

The surplus would have been larger by the sum of $577,181.38 but for a deficiency to that amount in the revenues of the lateral canals to meet the expenditures upon them. It is hardly fair to

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them to consider the real deficiency quite so large, for they have, no doubt, brought to the Erie canal products which would not otherwise have reached it, and the tolls collected on the transportation of these products on the latter should be considered as reducing the apparent deficiency to that amount. Nevertheless the lateral canals fail to yield sufficient revenue to meet the sums expended for keeping them in operation, and have always drawn largely on the State treasury to supply these deficiencies.

The payments of $1,875,676.71 above stated do not include extraordinary repairs. In the Comptroller's report there will be found a full statement of expenditures for the canals, including ordinary and extraordinary repairs and new work, for the year ending 30th September, 1872; and it will be seen that the total disbursements on all of them, in excess of all income, amount to $314,373.07 — a deficiency to be met by loans or taxation.

For nearly half a century the Erie canal has been one of the chief commercial conduits between the city of New York and the Western States and Territories, and until the introduction of railroads was the sole channel of communication between them. It has added incalculably to the wealth of the State and to the convenience of its inhabitants, and has been justly regarded as one of the great enterprises of the age. The western boundary of civilization at the time of its completion was, with inconsiderable exceptions, on this side of the Mississippi river. It is now on the shores of the Pacific; and an immense population covers the surface which was then only marked by rude and widely scattered settlements. Although railroads have superseded canals in the transportation of passengers and lighter products of industry, the latter are still relied on for moving bulky articles, and are likely with the progress of improvement, to yield as large a revenue as they earned before the business of carrying was shared with the former. While, therefore, the competition of the great railroad lines which are now penetrating the west, for the purpose of carrying on its commercial communications with the seaboard,

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may reduce the rates of transportation to the lowest standard of profit, there is always a possibility that they may, by combinations, advance these rates beyond what would be a fair compensation. Partial agreements of this kind have more than once been made, but they have usually been of short duration through a breach of faith by some of the parties for the purpose of overreaching and gaining an advantage over the others. In this point of view it becomes of importance for the State to retain the control of the canals and to hold them as a security to its inhabitants against the possible consolidation of other lines of communication, and as affording an ultimate measure of the rates of transportation, which, without such a control, might be indefinitely and oppressively increased. It is scarcely to be doubted, if the State were to part with the Erie canal, that it would soon pass into the hands of some great railroad corporation, and the people would have no check on the imposition of exorbitant charges for freight. While, therefore, we appreciate the immense importance of the railroad system in ministering to our comfort and prosperity, in stimulating our growth and adding to our wealth, and while our legislation in regard to it should be liberal and just, it would, in my judgment, be extremely unwise to disarm ourselves of the power to protect the people of the State against contrivances, to which great corporations are but too prone to resort for increasing their profits, forgetting that the principal object of their creation is to promote the welfare of the community at large, and not the interest of their shareholders.

In order to render the power of restraint more effectual, it is desirable that the time required for the transportation of heavy freight from Buffalo to New York, by the Erie canal, should be so reduced that it may not, in any great degree, differ from that needed for the transportation of like freight by rail. But the question of more rapid transit involves other and higher considerations. If the time taken for the transportation of a cargo from Buffalo to

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New York can be shortened from fourteen days to five, there will be a saving of nearly two-thirds in certain items of the cost. Such a diminution of time can only be effected by the substitution of steam for animals, as a motive power, and in giving the canal the enlarged dimensions fixed by law in 1835, and afterward recognized by the constitution, that is, seventy feet in width and seven feet in depth. Though it was declared, in 1862, to be completed in accordance with the legal and constitutional requirements referred to, it is well known that, by the accumulation of earth in the bottom of the canal, it does not possess, through its entire extent, the required depth. These obstructions should be removed as speedily as possible, in order to admit the freer passage of boats and to facilitate the success of the experiments recently made, under the act of the legislature of April 28, 1871, with a view to the introduction of steam as a motive power. With a canal of the prescribed dimensions, we cannot doubt the ultimate success of those experiments, without an impeachment of the ingenuity and skill of our inventors and engineers altogether unwarranted by the improvements they have effected in the past. To accomplish the greatest attainable rapidity of transit from the upper lakes to tide water, and to create the least possible disturbance of the water of the canal, a change will be necessary in the form of the boats employed in this service by making them sharper, and this will diminish their capacity and increase the cost of transportation. To obviate this last objection, it has been suggested that it is possible to lengthen the locks by the introduction of gates of a different construction, thus enabling the boats to receive the form necessary for rapid transit without any diminution of their carrying power. I am not prepared to say whether this improvement is feasible, but you may, in view of its importance, deem it advisable to require the State engineer to report whether, in his opinion, it is practicable, and, if so, at what cost and within what time.

Our neighbors in Canada are making arrangements to enlarge

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the Welland and St. Lawrence canals, so as to admit of the passage of steam propellers of 800 to 1,000 tons, from the upper lakes to the Gulf of St. Lawrence without transhipment. It is not the sole object of this improvement to turn into a new channel the trade of the west, seeking an outlet to the ocean; but it contemplates also a freer intercourse between their own people upon the great lakes and the city of New York as the most convenient and, during a portion of the year, the only seaport where their products can meet foreign merchandise for the purpose of exchange. With this view a project is on foot to construct a ship canal from the St. Lawrence into Lake Champlain, so that vessels of the same class may reach Whitehall without unloading. The further hope is no donbt entertained that the Champlain canal may at some future day be enlarged so as to constitute a continuous line of transportation by steam propellers from Duluth, at the western extremity of Lake Superior, to the city of New York. We need not fear that any new facilities which may be afforded to transportation to and from the west will dispense with or seriously impair any existing line of communication. The rapid growth of the western States, and the constantly increased demand for additional supplies of agricultural products on the one hand and manufactures on the other, will tax to their utmost capacity all the channels which can be opened for this extending traffic.

All these considerations address themselves to us with great force in favor of giving to the Erie canal, the direct channel of communication from the great lakes to tide water, its prescribed dimensions, and to the transport of the products of the west the greatest attainable celerity.

The suggestions I have made in regard to the preservation of the Erie canal apply to the Oswego and Champlain canals, which are indispensable parts of our system of internal navigation.

FUNDING THE STATE DEBT.

In direct connection with the foregoing suggestions is the question which has largely occupied, during the last two years, the

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attention of the public and of the classes concerned in commercial exchanges, of funding the canal and general fund debts, and providing for an issue of five per cent stock, redeemable at the end of forty years, with a provision for the payment of the annual interest, and the creation of a sinking fund out of the surplus revenues of the canals for the redemption of the stock at its maturity. The proposition seems to have met with general acceptance, and I respectfully ask for it your favorable consideration with a view to present it to the people for their decision under the form of an amendment of the constitution. If it is adopted, the general fund debt, created for the benefit of the people at large, will be paid by the canal revenues, and in this point of view it will commend itself to the approval of the portions of the State which have no direct communication with the canals, and only an indirect interest in maintaining them.

There is one consideration connected with the creation of the sinking fund, in case this issue of stock is submitted to the people and favorably considered, which I desire to press with more than ordinary earnestness on your attention. Sinking funds are, in their nature, a solemn pledge of faith to creditors for the payment of the debts due to them. To borrow money on their credit for other purposes, or in other words, to make them the subject of any other pledge, or to make even a temporary use of the moneys or securities of which they consist, is a clear violation of the pledge originally given. It appears to me that this deduction of common sense cannot be invalidated or obscured by any refinement of reasoning, however subtle it may be. There have been instances in which sinking funds have been invaded and consumed; but these cases have been very properly regarded as unwarrantable acts of bad faith. To guard against the temptation of resorting to these funds in emergencies instead of meeting the public wants by taxation, the annual contribution of money provided for their increase should, instead of being deposited in banks, be invested in permanent securities, such as stocks of the United

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States. The best of all investments is the purchase of the certificates of stock which they are set apart to redeem; and these certificates should be canceled as soon as they are purchased. Thus, the State, instead of having on hand for a series of years a large fund, exposed to the hazard of bank failures and to inconsiderate or unscrupulous legislation, will gradually extinguish its debts and have no money to provide for the purpose when they fall due. If at times it be necessary to purchase these certificates at a premium, the small advance is repaid by having the sinking fund free from the risk of bad management, and the people protected against the necessity of providing by taxation or by a new loan for the loss and the payment of the debts at their maturity.

THE CITY OF NEW YORK.

The organized system of financial depredation which was discovered in 1871, and of which some of the principal municipal officers were the authors and chief participants, has not only cast upon the tax payers an enormous burden, but has brought upon the character of the city a stigma only to be effectually removed by the punishment of such of the guilty parties as have not eluded the pursuit of justice, and by the recovery, if practicable, of the moneys fraudulently appropriated by them. It may be safely said that there never has been in the history of popular government, and under the color of law, so bold and profligate a misuse of public treasure. Its most lamentable influence is in its tendency to impair confidence in the institutions under which it was perpetrated, by imputing to them a responsibility which belongs, in great part, to the faithless agents by whom they were administered. The authors of this financial pillage, as well as the equally unprincipled judicial functionaries by whom they were abetted and upheld, have been ignominously expelled from the trusts they have betrayed; and it will devolve on you to provide, by proper amendments to the charter of the city, such safeguards as may be necessary to prevent the recurrence of abuses so oppressive to its inhabitants, and so injurious to its good name.

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In the progress of this scheme of depredation, and, as one of its natural appendages, useless offices have been maintained and enormous salaries annexed to them, either as rewards to the partizans of its authors, or with a view to divert attention from the frauds they were perpetrating by the exhibition of kindred extravagancies in the chief departments of the municipal government, and to silence, by exorbitant stipends, those, who, from close connection with them, could scarcely fail to be cognizant of their guilt. Nor is this all. There were recently in some of the departments paid employés performing no services whatever. Some of the largest salaries are bestowed upon officers of inferior grades holding places which require, by comparison with higher official stations, but a moderate capacity. Thus the police justices, who are, for the most part, persons of inconsiderable judicial knowledge and intellectual ability, have received, and still claim salaries of $10,000 per annum, when half of that sum would be an ample compensation for the services they render.

The organization of most of the departments is according to the same scale of extravagance. There are four commissioners of police, each with a salary of $15,000, five commissioners of public charities, five commissioners of the fire department, and five commissioners of public docks, with salaries of $10,000 each. I believe that in most, if not all of these cases, the organizations would be far more effective, if there were in each department one commissioner, as a responsible head, to perform most of the labor, with the highest salary now paid, and the others with one-fourth of his compensation, as an advisory board. Indeed, no departments have been more economically or efficiently administered than those, which have been confided to commissioners without compensation. There are men of character, wealth and leisure, in New York, who are always ready to accept official positions, which are merely honorary, and in which the interests of the city are deeply concerned. Their own interests, and their pride in its good name, have always been sufficient motives with them to yield it an active and faithful service.

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When the city has such a resource, it is not only a needless expense, but a prodigal waste of its means to crowd the departments with superfluous officials, and bestow upon them exorbitant gratuities.

The sheriff, register of deeds, county clerk and coroners, are paid by fees, and their compensation amounts to an enormous sum, altogether disproportioned to their services. I recommend that the fees of their offices be paid into the city treasury, and that they be compensated by fixed salaries.

Unless provision is made by law for uprooting the existing system of municipal government, I much doubt whether the evils which have grown up with it, and some of which cling to it still, can be effectually eradicated without giving the mayor the power of removing municipal officers and appointing others in their place whenever he may think it necessary for the purpose of carrying out the reform so distinctly demanded by the public voice. In this case, the whole responsibility of seeing that the affairs of the city are honestly and efficiently administered will rest with him, and a failure in either respect will make him justly amenable to public condemnation. The well-known integrity, firmness and experience of the present incumbent of the office of mayor, give the strongest assurance that the power referred to may be safely entrusted to him, and that it will be exercised solely in the interests of the city. Should this suggestion meet your approval, all the other needed measures of reform may be provided for by a few well-considered amendments of the existing charter.

Enlightened statesmanship in the eager pursuit of remedies for political abuse and for the arbitrary control of majorities, has devised a plan for securing the representation of minorities by cumulative voting. In municipal organizations first, and since then in the more extended spheres of popular representation the plan has been adopted with satisfactory results. In Denmark

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and England, in numerous cities and townships in Pennsylvania, and in the State of Illinois at large it has been successfully carried into practice. In the latter three representatives, or members of the more numerous branch of the Legislature, are elected in each Senatorial District, and each qualified voter may cast three votes for one person or distribute them, as he may think fit. At the late election the object in view, proportional representation, was secured; and the composition of the House of Representatives is said to reflect, in exact proportions, the numerical strength of parties in the State. By this plan, with the greatest preponderance a majority is likely to possess, the minority is sure of a representation to detect, resist and expose abuse.

I differ with my learned predecessor in regard to the power of the Legislature to adopt this plan; and believing that it will prove a check to the tendency of majorities in representative bodies to disregard the rights of minorities, and to forget, in the consciousness of their strength, that the interests of their constituents are paramount to their own, I respectfully recommend that it be adopted in the city of New York, for cases, in which more than one person for the same body is to be voted for.

CRIME.

The alarming increase in frequency of the crime of murder in the city and its environs demands your most serious consideration. Scarcely a day passes without witnessing a brutal, and in many instances a fatal, assault upon the persons of unoffending individuals, usually in drinking saloons, often in the most frequented streets, and sometimes within the very purlieus of justice. According to the reports of the Secretary of State on the statistics of crime there were less than three convictions per annum for murder in the State during the nine years from 1830 to 1838 inclusive. In one of those years there was not a single conviction for that crime. Since then the number of cases in which life is

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taken has accumulated with fearful rapidity. This deplorable increase is due to a variety of causes. Among them may be enumerated the failure to convict, from the reluctance of jurors to bring in a verdict of willful murder involving the punishment of death; the difficulty of obtaining juries of competent intelligence; the incapacity or criminal negligence of prosecuting officers; and the delays in carrying sentences into execution by the interposition of legal technicalities. It will be in vain to hope for the suppression of crime, unless the retribution is prompt and certain.

The leading objects of government are the protection of life and the security of property. No political system can retain the confidence of those who live under it, unless these objects are effectually accomplished. The lamentable manner, in which both have been frustrated in the city of New York, has forced upon the minds of many thoughtful persons the unwelcome question whether their lives and property would not be better secured under a less popular form of government. Nothing can be more deplorable than the suggestion of a doubt as to the superiority of our own institutions over others of a less liberal character. Under this view of the subject the duty of securing property from depredation and life from felonious assault becomes the more imperious and connects itself closely with the durability of our political system; for if the machinery of the law proves inadequate to effect the fundamental purposes of government, it will soon be made to give way to the arm of force.

The difficulty to which I have alluded, in obtaining juries of competent intelligence, arose from the existing rule of law, which had its origin in a period of comparative ignorance, and under which it has been almost impossible to empannel a proper jury, in a capital case. The universal distribution of the press brings to every man's door the narration of passing events, and every intelligent person rises from the perusal with a distinct impression in regard to them. If such an impression is to be treated as an opinion

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not to be modified or changed on a hearing of the evidence on both sides, intelligence and reflection, the very qualities needed to pronounce a righteous judgment, would disqualify most of our citizens from serving as jurors when a murder is to be tried. Under the act passed at the last session of the legislature a jury has recently been empanneled without unreasonable delay, and it is to be hoped that this enactment will prove in practice a remedy for the difficulty referred to. The further obstacle to the prompt punishment of crime, after conviction, through the interposition of legal technicalities needs to be removed by some proper and effective provision of law.

In framing our system of criminal jurisprudence the merciful purpose of protecting the innocent from unjust conviction was kept chiefly in view. It is worthy of consideration whether in carrying out this purpose we may not have created impediments to the punishment of the guilty and given a rein to crime through its impunity.

PROTECTION AGAINST FIRE.

The conflagration of large portions of the cities of Chicago and Boston, involving an immense sacrifice of property and the loss of many lives, suggests the necessity of revising existing laws in regard to the construction of buildings, and the deposit of combustibles within our principal cities. It is due to the security of property and life that the provisions of law in respect to both should be of the most stringent character. Under the existing law, the superintendent of buildings, in the city of New York, is authorized to modify its requirements, with the consent of the supreme court. It is not to be expected that the members of this body, from the nature of their functions, will be so competent to form a correct judgment in regard to the propriety of such modifications in special cases as others, whose connection with the subjects of fires and insurance, gives them to some extent the character of experts. I therefore recommend that no modification of the law pre-

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scribing the mode in which buildings are to be constructed shall be made without the consent of a board to be jointly constituted by the New York board of fire underwriters and the commissioners of the fire department, the first as having, beside their special knowledge, a large pecuniary interest at stake, and the other from their familiarity with the causes of conflagration and the best modes of contending with it. With these the American Institute of Architects might, perhaps, be advantageously united for the appointment of such a board as I have referred to.

HARBOR MASTERS.

There have been continual complaints for many years in regard to the conduct of the harbor masters, in the city of New York, in assigning vessels to places in the docks, and the extortionate charges of the masters of steam tugs, employed in towing ships, with whom the officers first named are alleged to have, in many cases, a collusive connection; and from the partial examination I have been able to make, I am satisfied that these complaints are well founded. Much of the abuse, which has grown up of late years has, no doubt, arisen from the appointment of individuals from the interior of the State, having no knowledge whatever of nautical affairs, or of the wants of the mercantile community, and who are, of necessity, dependent for a time, in the discharge of their duties, on persons whose aim it is to make the largest profit possible out of their services to merchants and ship-masters. They thus become, without evil design, perhaps, at the outset, engaged in a system of extortion, which they find too profitable to be relinquished. To such an extent have these exactions been carried, under the pretence of extra service, that a committee of the legislature, after a careful investigation, did not hesitate to denounce them as "a system ot extortion, which may not inappropriately be characterized as organized piracy upon the commerce of New York." The term of the present incumbents, who are now holding over,

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having expired in March last, I shall deem it my duty to nominate to the senate men of character and tried integrity, who are qualified by their familiarity with the service required of them to perform it intelligently and efficiently. The service was confided to such persons in former years, and it is only since the practice has been discontinued that the present system has come into use, to the great dissatisfaction of the mercantile community and the serious injury of the commercial interests of the city and the State.

These officers are now paid by fees, which, together with receipts from other and not legitimate sources, amount to very large sums. I recommend that their compensation be limited to a reasonable remuneration, and that the fees in excess of the amount be paid into the State treasury for distribution among the hospitals in the interior of the State for the support of sick and disabled persons engaged in navigation.

THE CONSTITUTIONAL COMMISSION.

The Constitutional Commission to be reconvened to-morrow, will be charged with the gravest of all duties in reporting amendments to the Constitution of the State, to be submitted to the people for their consideration. Not the least important of these is to provide for relieving the legislative department of the government from passing laws for objects other than those in which the State at large is interested. Of 887 acts passed at the last session of the Legislature only 126 were of a general character. The other 761 were private or local. It would greatly diminish the labor of legislation, if in all cases, where a general law could be made applicable, special laws should be prohibited; and certainly, as a rule, special privileges or immunities should not be granted to any class of citizens, which, upon the same terms, should not equally belong to all others.

I trust suitable provision may be made to give to the members of the Legislature a remuneration adequate to their responsible

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duties. The present compensation was fixed more than half a century ago, and in the meantime the expenses of living are more than doubled. It is neither just nor creditable to the State that its legislators should be kept at a distance from their homes to labor for the welfare of the people, and to protect the interests of their constituents, and be compelled to have recourse to their private means to meet their personal expenses. Superfluous offices should be promptly and unhesitatingly abolished; but all who give their time and talents to the State, should receive a compensation for their services, proportioned to the importance of their duties, and to the expenditures which they must necessarily incur in performing them.

ALIENS.

In more than half the States of the Union aliens are allowed to take, hold and convey real estate. In New Jersey this privilege has been accorded to them with the natural result of attracting foreign capital for investment. In this State the ancient disability is continued, and with the opposite effect of excluding such investments. If foreigners are willing to come among us with their capital to improve our real estate, stimulate our productive industry and aid us in bearing our burdens of taxation, is it not unwise to repel them? The spirit of the age is adverse to the continuance of all illiberal and unneighborly restrictions; and it is respectfully submitted for your consideration whether these disabilities should not be removed. In England, France and other European countries our citizens are placed in this respect on the same footing as their own citizens and subjects; and, apart from the injurious influence of these personal restrictions upon our material interests, it is hardly in consonance with the liberal spirit of our institutions to adhere to ancient prejudices, which have been renounced elsewhere as unworthy of political systems less advanced than our own.

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THE USURY LAWS.

I suggest for your consideration whether the time has not arrived to repeal the usury laws, leaving the established rate of interest to apply to cases, in which no contract or agreement has been made. It is believed that their continuance at the present advanced stage of civilization, and in a State so highly commercial as ours, cannot be defended on any logical grounds. It has been feared that their repeal might in agricultural districts, subject borrowers to the extortion of greedy lenders; but this apprehension has in other communities proved unfounded. In ruder conditions of society, when the laboring classes were, to a great extent, dependent on capitalists, there was a plausible argument in favor of limiting the rate of interest. But at the present day, when the eagerness to lend is quite as prevalent as the desire to borrow, and when labor has become independent and powerful, it needs no protection, direct or indirect, against capital in competing with it for the profits of production. In most of the neighboring States restrictions on traffic in money have been removed, and I believe there is good authority for saying that no practical inconvenience has ensued. It is quite clear that in the city of New York, but for scruples on the one hand and fears on the other, by which conscientious and timid capitalists are restrained from lending at prohibited rates, the enormous interest paid, under the pressure of extraordinary demands, for the use of money could not be maintained for a single day. It is only by establishing an arbitrary and fixed standard of value for it, when such value will, in spite of all legal limitations, conform to the fluctuations of commerce, that borrowers are made to suffer through the necessity of paying unscrupulous lenders a premium for violating the law

Should you not be prepared to follow the example of Massachusettts, Rhode Island, Connecticut and other States by an absolute repeal of the usury laws, I can conceive no possible objection

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to their modification so far as to leave the rate of interest to be fixed by agreement of the parties on commercial paper, and on loans secured by the mortgage or hypothecation of personal property.

TAXATION.

I respectfully call your attention to the reports of the Commissioners appointed to revise the laws for the assessment of taxes heretofore made to the Legislature, and to the draft of a bill submitted by them in the performance of their duty. It is not denied that the existing laws for the valuation of property and the assessment of taxes are unequal, unjust and ineffective; that the valuation of real estate falls far below its actual value; that much the larger portion of the personal property of the State escapes taxation, and that the tax on mortgages of real estate not only prevents the introduction of capital from abroad, but is rapidly expelling our own heretofore loaned on such security, and transferring it to States in which no such tax is imposed. The objection to this tax does not come from lenders, but from borrowers, and from the owners of real estate, who find it difficult to procure money for improving it. In the city of New York, where there is a deficiency of dwellings, especially for the industrious classes, and where the population is for that reason crowded into narrow spaces, such an imposition is not only a serious obstacle to the extension of the city, but is in the nature of an excise on the health and comfort of its inhabitants. While real estate is known to be valued at one-third or one-half what it is worth, mortgages, where they do not escape the scrutiny of assessors altogether, are appraised at their full value, thus constituting a most unjust and oppressive distinction between two classes of property holders.

While New York has been clinging with a tenacity, for which it is difficult to account, to anti-commercial restrictions, Pennsylvania and New Jersey have been gradually removing them for the purpose of attracting labor and capital. The result of our

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inaction and their progress in this respect is illustrated in a manner which should give us cause for grave reflection. During the last ten years the population of New Jersey has increased at the rate of 35 per cent, and that of Pennsylvania at the rate of 21, while ours has increased only at the rate of 13. The natural advantages of New York, especially for commerce, far exceed those of other States; but they are not great enough to enable us to contend successfully with the rivalry of neighbors quite as enterprising as ourselves, unless labor and capital are encouraged by laws as liberal as theirs. It vitally concerns us, therefore, to consider whether we can maintain our ascendency in population and wealth; whether we can succeed in retaining the title of preeminence, which we have borne with the consent of our cotemporaries for half a century; and whether we can preserve our reputation as an enlightened administrator of our own affairs, if we have not the wisdom and courage to cast off the antiquated clogs and badges of an obsolete civilization.

In conclusion, I cannot forbear to express my great anxiety to coöperate with you zealously and in perfect harmony in such measures as, in your superior wisdom, you may deem necessary to accomplish the objects of reform so imperiously demanded by our constituents. We come together sustained and honored by a larger majority than the people of the State have ever before given to their representatives. It is my sincere desire, and I am sure it must be yours, to respond to their confidence by maintaining the public credit, by reforming abuses of administration, by economizing the means placed at our disposal for the general good, by lightening the burdens of taxation, by cherishing the institutions and establishments which minister to the wants of the people, and by devoting our best abilities to the advancement of the prosperity of the State.

JOHN A. DIX.

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ANNUAL MESSAGE

OF THE

GOVERNOR

OF THE

STATE OF NEW YORK.

Transmitted to the Legislature January 6th, 1874.

ALBANY:
WEED, PARSONS AND COMPANY, PRINTERS.
1874.

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STATE OF NEW YORK.

No. 2.

IN ASSEMBLY,

January 6, 1874.

ANNUAL MESSAGE OF THE GOVERNOR.

EXECUTIVE CHAMBER,
ALBANY, *January* 6, 1874.

To the Legislature:

At the close of another year of uninterrupted health, prosperity, abundance and peace, the fervent expression of our thankfulness is due to Almighty God for these signal manifestations of His favor. While in portions of our sister states a destructive pestilence has desolated hundreds of households, our own have been mercifully spared. Though the friendly relations of the United States with a European power were for a time endangered by an infringement of our international rights, the peril has been happily averted by a combination of firmness and forbearance, which always becomes a powerful government; and there is ground for hope that the ancient nation, which, with a less prudent bearing on our part, might now have been at war with us, may occupy, on the other side of the Atlantic, sustained by our sympathy and kind offices, the same position, which we hold in the western hemisphere, as a representative of free institutions.

It would be a source of heartfelt satisfaction to us if we could say unreservedly that we had responded to this exemption from domestic and national evils by a more devoted discharge of our social duties, a more cheerful submission to the laws, and a more

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studious fulfillment of our obligations to the public and to each other. In all these respects I fear a review of the past will disclose much which will need your most thoughtful deliberation, with a view to provide such remedies as may be within your constitutional powers.

The condition of the state is, nevertheless, under most of its aspects, exceedingly gratifying. Our debt is comparatively small; it may, with proper economy, within a few years be entirely paid; and in that case we shall stand in marked and commendable contrast with other states and municipalities, which are heavily burdened with pecuniary liabilities. Our colleges, academies and schools are flourishing, our charitable institutions in general well managed, our laws enforced with renewed vigor, and great criminals brought to speedy and exemplary punishment. The reports of the officers in charge of the different departments of the government will present to you in full the details, of which I proceed to give a summary.

RECEIPTS AND EXPENDITURES.

The receipts into and payments from the treasury, on account of all the funds, except the canal and free school funds, for the fiscal year ending September 30th, 1873, were as follows:

Receipts	$16,803,188 24
Payments	14,371,737 63
Balance in the treasury, September 30th, 1873	$2,431,450 61

No deduction from this amount has been made on account of the defalcation in the state treasury, subsequently discovered.

STATE DEBT.

The following statement shows the amount of the state debt on the 30th September, 1873, after deducting the unapplied balances of the sinking funds at that date.

	Debt September 30th, 1873.	Balance of sinking funds, September 30th, 1873.	Balance of debt after applying sinking funds.
General fund	$3,988,526 40	$4,244,400 39	.....
Contingent	68,000 00	30,187 21	$37,812 79
Canal	11,352,880 00	1,530,241 21	9,822,638 79
Bounty	21,121,000 00	9,790,072 24	11,330,927 76
	$36,530,406 40	$15,594,901 05	$21,191,379 35

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The general fund debt sinking fund includes $1,500,000, received since the close of the fiscal year, and from the bounty debt sinking fund, the interest accrued to October 1st, 1873, payable January 1st, 1874, has been deducted.

The entire funded debt of the state on the 30th September, 1872, after deducting unapplied balances of sinking funds, amounted to.....	$25,386,725 84
On the 30th September, 1873, the entire funded debt of the state, after a like deduction, amounted to.....	21,191,379 34
Showing a reduction of the debt of.....	$4,195,346 50

This reduction of the state debt is apparent only — not real, as the redemptions of stock, which fell due in the year 1873, were provided for by new loans. The stock outstanding on the 30th September, 1873, and to be hereafter redeemed, is, therefore, only a few hundred thousand dollars less than on the 30th September, 1872.

REDEMPTION OF THE STATE DEBT.

The following amounts of the canal state debt fell due in 1873:

January 1st.....	$847,500 00
July 1st.....	2,828,000 00
November 1st.....	1,974,600 00
	$5,150,100 00

Provision was made for the redemption of this portion of the state debt by deficiency loans, under section 3, article 7 of the constitution.

TAXES.

The state tax levy for the current year amounted to 6 $\frac{95}{100}$ mills. The total amount of the tax will be $14,800,903.38—about five millions less than the amount levied during the preceding fiscal year.

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SALT SPRINGS.

The quantity of salt from the Onondaga Salt Springs, inspected during the last fiscal year, was 7,959,172 bushels—less by 40,627 bushels than the production of the preceding year. The net revenue from this source was $21,765.75, showing a falling off as compared with the preceding year of $12,856.37.

STATE PRISONS.

The following statement shows the expenditures and earnings of each of the prisons, for the year ending September 30th, 1873:

	Advances from the Treasury.	Received from earnings.	Excess of expenditures.
Auburn	$213,178 72	$128,214 78	$84,963 94
Clinton	331,480 66	129,095 61	202,385 05
Sing Sing	372,856 74	96,886 68	275,970 06
Miscellaneous expenditures not distributed, including $20,066.71 for transportation of convicts	....	....	33,970 01
	$917,516 12	$354,197 07	$597,289 06

The Clinton Prison report shows items of stock on hand, and unpaid accounts for the last fiscal year, amounting to $153,043.42, and that of Sing Sing $31,000.38 of unpaid accounts.

These items and accounts are a virtual reduction of the foregoing deficiency. It is believed that the present fiscal year will show a further reduction, as two of the prisons were turned over to the present wardens almost wholly destitute of supplies of all kinds.

COMMON SCHOOLS.

The following statement shows the condition of the public schools and the operation of the common-school system for the year ending September 30, 1873:

Total receipts, including balance on hand September 30, 1872	$12,089,168 98
Total expenditures for the year	10,946,230 82
Amount paid for teachers' wages	7,417,179 59
Amount paid for school-houses, repairs, furniture, etc.	1,991,932 32
Estimated value of school-houses and sites	27,070,310 00

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Total number of school-houses	11,735
Number of school districts (exclusive of cities)	11,325
Number of teachers employed at the same time for the full legal term of school	18,268
Number of teachers employed during any portion of the year	29,491
Number of children attending the public schools	1,030,360
Number of pupils attending the normal schools	6,535
Number of children of school age attending private schools	130,096
Number of volumes in school district libraries	858,315
Number of persons in the state between the ages of 5 and 21 years	1,545,260

COLLEGES AND ACADEMIES.

From the reports of the regents of the university, which will be made to you, it will be seen that the condition of the colleges and academies is, in all respects, satisfactory. In the former the course of instruction is constantly adapting itself to the requirements of the age. While disciplinary and classical studies have never been more thoroughly pursued, subjects which are regarded as more closely related to the practical affairs of life, are receiving increased attention. The number of students during the past year was very considerably in excess of that of the preceding. In all that gives character and power to this class of institutions, the colleges of New York will compare favorably with those of any other state.

The number of colleges in the state is as follows: literary, 22; medical, 13; law schools, 5.

In the academies a system of examinations instituted by the regents several years since, greatly reduced the number of scholars on which the distribution of the public moneys appropriated to these institutions is made. The reports of the last year show an increase in the number of such scholars of nearly twenty per cent over the previous year; an increase most gratifying, because it exhibits the salutary influence of higher requirements in scholarship. The

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regents are confident that this influence will continue to strengthen and extend, making itself very sensibly felt in the common schools as well as in the academies. The increased appropriations lately made to these institutions are greatly stimulating the work of both teachers and scholars in all departments of instruction. They are specially felt in the classes for the preparation of teachers of the common schools, there being an increase of at least thirty per cent in the number of such teachers now under training, as compared with former years.

This result is regarded by the regents as most encouraging; for with all that is done in the normal schools, the academies must continue to a great extent to furnish the teachers for the common schools, especially in the rural districts. Whatever is done to elevate and improve the institutions, in which these teachers are trained, will tend directly and positively to advance the schools in which they teach.

The range of subjects taught in the academies is wide, and in the character of the instruction and the apparatus provided for the illustration of science, many of these institutions are fully equal to the colleges of a few years ago.

The number of academies and academical departments of union schools under the visitation of the regents is 210.

STATE LIBRARY.

The state library, both in its general and its law departments, has been augmented to the full extent of the means at the disposal of the trustees. More than twenty-eight hundred volumes have been added to it during the past year. The annual appropriation, not increased for many years, is quite inadequate to its wants, especially in view of the largely increased cost of books. It is believed to be worthy of continued and enlarged support. The whole number of volumes on its shelves is 90,844.

The state museum of natural history under the management of Professor Hall, is in an excellent condition, and most valuable contributions are made through it to the departments of science, which it illustrates.

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MILITIA.

The National Guard consists of eight divisions and 20 brigades, distributed as follows, viz.: One regiment, one battalion and nine separate troops of cavalry; 12 batteries of artillery, 31 regiments, 12 battalions and three detached companies of infantry, making an aggregate force of 23,360.

During the last year two regiments of infantry have been disbanded and mustered out of service, six regiments of infantry have been reduced to battalions, and one regiment has been re-organized.

During the same period six arsenals, which had become entirely useless, have been sold, producing $25,550, of which $22,850 have been paid into the treasury, and $2,700 refunded to the village of Dunkirk and the city of Ogdensburg, from which the sites of two of the buildings were obtained.

At the commencement of my administration I found that no system of proper accountability for arms, ammunition, and munitions of war existed. There were no reliable inventories of the property contained in the arsenals, and therefore no means of ascertaining from time to time whether it was faithfully preserved. This radical defect has been remedied. Complete inventories of the contents of all the arsenals have been prepared, the commissary general of ordnance has been made responsible for them, and whenever a change takes place hereafter in the incumbent, the successor will be required to receipt for them. The same system of accountability is applied to the commanders of regiments who are required to give bonds for the safe-keeping of the arms and other property in their charge. In the progress of the inquiries set on foot to ascertain where such property was to be found, large quantities of arms and munitions were discovered outside of arsenals and of military organizations, amounting to over $9,000 in value. Unserviceable property to the amount of $7,283.90 has been sold, and about the same amount is on hand for sale. The force in the arsenals has been reduced by the discharge of superfluous employés, and a saving of $5,616.44 per annum has been effected. The accomplishment of

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these reforms has been most efficiently carried out by the adjutant general aided by the commissary general of ordnance.

A system of thorough inspection has been introduced with very beneficial results by the inspector general, and the National Guard is believed to be better organized, disciplined and prepared for active service than it has been at any previous time.

On the 9th of January last the sum of $192,650.31 was received from the federal government on account of the war claims of the state, and on the 19th March a further sum of $107,498.08, in all $300,148.39. The account presented by the state shows a balance of $1,209,286.11 still due. This amount includes $131,188.02 on account of interest on comptroller's bonds, which cannot be paid without an act of congress, and also an installment not yet examined of $341,580.10. The remainder, $736,507.99, is made up of disallowed and suspended items, of which probably not more than a third will be obtained.

TRUST COMPANIES.

Some legislation is desirable for the regulation of that class of moneyed corporations known as trust, loan and indemnity, guarantee, and safe deposit companies.

Banks of discount and deposit and savings banks have a general system by which each class is regulated, and no reason is perceived why the corporations referred to should not be placed under a similar system, the provisions of which shall be uniform. The last-named institutions have, as a general rule, greater powers than the former, under less restriction, with no uniform external supervision, and with equal liability to hazardous risks and ultimate loss. Your consideration is respectfully called to the propriety of passing a general law applicable to all institutions of this class now in operation and requiring any which may be hereafter created to conform to it.

The New York Loan and Indemnity Company, in the published announcement of its powers and purposes, makes the fact conspicuous that it is "fully prepared to carry on a general banking business." It is not doubted that others are engaged in the same transactions,

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and yet they are, to a great extent, free from the operation of those laws, to which it is the policy of the state to subject other moneyed institutions as custodians of the funds of the citizens of the state in order to protect the people from loss through mismanagement and fraud. The demand for these charters seems to be increasing, while our legislation, in regard to them, is inharmonious with itself and with the principles which have been deemed sound in respect to institutions of this character. One company is under the supervision of the state comptroller, another, in a certain sense, of the bank superintendent, while a third is the ward of the supreme court. These anomalies should be corrected by the adoption of a uniform system of accountability.

BANKS.

On the first day of October last, eighty banks were doing business under the laws of the state.

During the fiscal year, circulating notes to the amount of $20,972 were destroyed by the bank department. One hundred and fifteen banks were credited with lost circulation to the amount, in all, of $480,913, the time for redeeming the same, after the usual legal notice, having expired.

The amount of circulation outstanding, including that of incorporated banks, banking associations and individual bankers, was, on the first of October last, $1,400,116.50. Of this amount, the sum of $656,240 was secured by deposits of cash, stocks, or stocks and mortgages. The residue, being circulation issued prior to the passage of the general banking law, is not secured by any deposit in the bank department.

There were forty-one banks incorporated prior to the enactment of the general banking law, that had not, on the 22nd of May last, the date of an act to provide for their final closing, taken any steps toward such closing. Twelve of these have since given notice of final closing under the provisions of that act.

During the fiscal year one bank discontinued business, and thirteen were organized, eleven of which commenced business. Six of these latter were changed from banks organized under the national banking laws.

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SAVINGS BANKS.

There were on the 1st of July last, 152 savings banks reporting to the bank department (three of which are closing), with assets aggregating $314,755,770.

The increase in assets during the six months ended July 1, 1873, amounted to $9,425,439. The number of persons having deposits in these institutions, was, according to the number of open accounts on the 1st day of January, 1873, 822,642, being an increase of 45,942 deposits during the year then ended.

In my annual message in January last, it was recommended that a general law should be passed defining the powers of savings banks and repealing all special privileges in existing charters inconsistent with it. It was also suggested that the amount which any one individual should be allowed to deposit, should be limited. These suggestions are renewed with the further recommendation that these institutions should not be allowed to pay more than five per cent interest on deposits. These deposits exceed $300,000,000, and the interests involved are so serious that the subject is one of the most important that can engage the attention of the legislature. The primary consideration is safety, and this can only be secured by the very best investments and by a moderate rate of interest to depositors. Five per cent is believed to be the maximum which these institutions can afford to pay, if sound rules are applied to their transactions.

It is also recommended that no director or officer of a savings bank shall be a director or officer of any bank of discount in which its moneys are deposited. Institutions of both classes are in some instances under the same management, and there is always danger that moneys which are deposited with the former, and required to be invested in permanent securities, may enter into the ordinary business of the latter and be loaned out on discounted notes in violation of the requirements of the law. The former are established for the benefit of persons in moderate circumstances, and every possible precaution should be taken to secure the accomplishment of the object of their creation.

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INSURANCE DEPARTMENT.

The number of insurance companies subject to the supervision of the Insurance Department was, on the 31st day of December, 1873, 271, as follows:

New York joint-stock fire insurance companies	99
New York mutual insurance companies	7
New York marine insurance companies	9
New York life insurance companies	28
Fire insurance companies of other states	83
Life insurance companies of other states	28
Casualty insurance companies of other states	3
Foreign insurance companies	14
Total	271

The total amount of stocks and mortgages held by the department for the protection of policy-holders of life and casualty insurance companies of this state and of foreign insurance companies doing business within it, was $9,480,046, as follows:

For protection of policy-holders, generally in life insurance companies of this state	$3,715,199
For protection of registered policy-holders exclusively.	3,033,847
For protection of casualty policy-holders exclusively.	1,000
For protection of fire policy-holders in insurance companies of other states	30,000
For protection of fire policy-holders in foreign insurance companies	2,397,000
For protection of life policy-holders in foreign insurance companies	303,000
Total deposit	$9,480,046

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QUARANTINE.

During the year, eighty-three vessels have been detained in quarantine on account of sickness which had occurred on board while in port or on their passage to New York.

On twenty-five vessels thirty-two cases of small-pox occurred, exposing to the infection in a greater or less degree 14,795 persons who were on board. Thirty-seven vessels had yellow fever on board, and sixty-two cases of this disease, of which thirteen were fatal, were received and treated in Dix Island Hospital. Seventeen vessels arrived in which ship-fever had occurred at the time of arrival. From these, seventeen persons were removed to hospital with fever, the number exposed to the disease being 12,024. Four vessels arrived on which there were seventeen cases of cholera, of which nine were sent to hospital and one was fatal after arrival. On these vessels were 2,872 persons. During the quarantine season 1,391 vessels arrived and were examined from ports suspected or known to be infected with yellow fever, and one hundred and ninety were detained for observation: of these one hundred and twelve were required to discharge the whole or a part of their cargoes before being permitted to pass quarantine. These vessels were from Havana, Sagua la Grande, Matanzas, New Orleans, and one from Rio Janeiro. The business operations pertaining to these discharges of cargo were, as last year, left in the hands of owners subject to necessary sanitary control. Although then an experiment, the success of this system for two years, and especially during the last summer, proves it to be practicable and safe. The malignant type of yellow fever of the past season and the epidemic cholera from northern Europe, none of which reached the city through quarantine, have shown that the system can safely be followed in the future. Twenty-two licenses to work in quarantine have been issued during the season to the various firms of lightermen, stevedores, coopers and cleaners who have applied for them, thus relieving the great hardship so much complained of by merchants and shippers previously to the administration of quarantine by the present health officer; and business operations are now,

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for the first time, left in the management of those on whom it devolves to pay the expenses incident to them. Although during the past summer there has been an unusually large number of vessels lightened for sanitary reasons, there is under the present system no complaint, and it is a matter of congratulation, that after so many years of unseemly contention between the citizens of New York and the health authorities of the port, necessary sanitary restrictions are now enforced with the consent and approval of the commercial classes.

BOARD OF HEALTH OF THE CITY OF NEW YORK.

In order to carry out the measures necessary for the preservation of the public health in the city of New York, it is indispensable that the authority of the board of health should be extended over the waters of the harbor and bay within the quarantine limits. The health officer of the port is a member of the board, and should be empowered to execute its orders upon the waters surrounding the city in the same manner as the police carry its directions into effect upon the land. He has a steamer at his command and may do so without any additional expense to the state. When the bodies of dead animals and other nuisances have been removed beyond the city limits, they are often left floating in full view, upon the waters of the harbor, or land upon the shores of the lower bay, and are not only a source of annoyance, but quite as dangerous as other evils, which the organization of the board of health was designed to prevent and remove.

Your interposition may also be needed to supply some defects and omissions in regard to the powers and duties of the board, in the act passed at the last session of the legislature for re-organizing the city government.

EMIGRATION.

The number of emigrants from foreign countries, who arrived at New York during the year 1872, was 294,581. The number in 1873 was 266,010; a falling off of 28,571.

The commissioners state that, in consequence of the prevailing stagnation in business, a much larger number has been thrown upon

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them for support, and that without an increase of the head money they cannot pay the necessary expenses of their establishments. I believe they have made every possible effort to bring these expenditures within their means, and the statements which will be laid before you, are respectfully commended to your favorable consideration.

INSANE.

Statement showing the number and situation of the insane of the state on the 1st of January, 1872, according to reports on file in the office of the State Board of Charities:

	Male.	*Female.*	*Total.*
In the custody of friends	762	820	1,582
In the state institutions	439	654	1,093
In private institutions	121	191	312
In city asylums and city alms-houses	841	1,392	2,233
In county asylums and county poor-houses	588	731	1,319
In institutions of other states	86	75	161
In the asylum for insane criminals, Auburn	70	5	75
Total	2,907	3,868	6,775

The information relating to insane in the "custody of friends" was obtained from physicians in the various cities and towns. The officers of the various public and private institutions furnished the information relating to this class in their respective charge.

The board are now engaged in collecting information in regard to pauper and destitute children as provided by section 7 of chapter 571 of the Laws of 1873. Returns have been received from nearly all the institutions by which they are supported, and the results will be presented to you in tabular form.

STATE PARKS.

Near the close of the last session of the legislature, the commissioners of state parks made their first annual report, in conformity to a direction "to inquire into the expediency of providing for vesting in the state the title to the timbered regions lying within

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the counties of Lewis, Essex, Clinton, Franklin, St. Lawrence, Herkimer and Hamilton, and converting the same into a public park."

Their report contains important views and suggestions in regard to the preservation of the forests in this mountainous district for the supply of water and timber.

They came to no conclusion in regard to the main object of their inquiry, but recommend, until the question can be further considered and decided, that the wild lands now owned and held by the state be retained.

SINKING FUNDS.

In my annual message to the legislature in January last, allusion was made to the duty of preserving inviolate the sinking funds pledged for the payment of the interest and the redemption of the principal of the state debts. By the constitution of the state these funds are required to be "sacredly applied" to that purpose. Any diversion of the moneys belonging to them to other purposes is a clear violation of this requirement and an act of bad faith to the public creditors, who have made loans to the state on the pledge of these funds for their re-payment. Yet the legislature in past years has authorized the application of these moneys to the expenses of the government; and on the 30th of September, 1872, the greater part of the $11,000,000 then belonging to the general, contingent, canal and bounty fund sinking funds had been used for other purposes. The comptroller has taken measures to redress this violation of the faith of the state, by investing these funds in permanent securities. On the 30th September, 1872, the whole amount so invested was only $871,244.09. The amount on the 30th September, 1873, was $2,328,903.65, and a further addition of about $900,000 has since been made. The residue of the moneys belonging to these funds will be invested in like manner, as rapidly as the receipts into the treasury, applicable to the purpose, are realized. It is now represented by deficiencies, bank deposits and unpaid taxes.

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PAYMENT OF STATE TAXES.

By chapter 760 of the Laws of 1873, it was provided that every county should "pay its quota of state taxes into the state treasury, the one-half on or before the fifteenth day of April, and the other half on or before the first day of May, in each and every year thereafter."

The object of this provision was to secure to the state the payment of the taxes raised in the several counties in time to meet appropriations made by the legislature for the expenses of government. This requirement is not obeyed. In a number of counties the treasurers during the last year retained over $100,000 each for several months after the last day appointed for paying it into the state treasury, having loaned it to the banks in their neighborhood at interest, thus using the public money, in flagrant violation of law, for their own pecuniary benefit. Indeed, it is a common practice on the part of county treasurers to loan at interest, after the time fixed for paying it to the state, moneys collected from the tax payers, thus making a profit out of a breach of their trust. The money thus collected is the property of the state from the day the law requires it to be paid into the treasury; and the retention of it beyond that day by a treasurer, is not only a virtual conversion of public money to his own use, and in that respect a gross official abuse in fraud of the law, but it is a great inconvenience to the state treasury by withholding the means of satisfying legal demands against it, and an injustice to parties, whose claims the legislature has provided for, by postponing the payments to which they are entitled.

This abuse should be remedied by a legislative act. It is a greater offence than many others which are declared to be misdemeanors, and there is quite as much reason that it should be punished by fine and imprisonment. The counties have a deep interest as well as the state in having their taxes promptly paid over after collection, as the chance of defalcation on the part of their treasurers is always increased when the public moneys in the hands of the latter are used, even temporarily, for private profit. Besides, it is very unjust and a great hard-

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ship to the tax payers to compel them to pay promptly, and then to allow the money collected from them to be used by the county treasurers and the banks for their own benefit for months after the time the law requires it to be paid over to the state. It is still more unjust to them when it is considered that for want of the moneys thus withheld, the comptroller is sometimes obliged to borrow at 7 per cent interest to meet the current expenses of the government, and the interest thus paid becomes a new burden on the tax payers.

When these moneys are loaned to the banks, the latter loan them to their customers; and when the comptroller calls for their payment, months after the time fixed for the purpose, it is not an uncommon occurrence for the defaulting treasurers and the banks, which are parties to their delinquency, to beset him with pressing letters urging him to grant them further time to pay over public moneys withheld from the treasury in fraud of the law. The taxes in a majority of the counties are promptly paid over; the same punctuality should be exacted from all; and if the law is not voluntarily obeyed, its execution should be enforced by suitable penalties. A conformity to it would, no doubt, be aided by making it the imperative duty of the comptroller to charge ten per cent interest on all moneys received by county treasurers from taxes for state purposes and withheld by them after the day fixed for payment into the state treasury.

DEFALCATION IN THE STATE TREASURY.

It is my painful duty to call your attention to a defalcation in the office of the state treasurer by a fraudulent abstraction of the public moneys to the amount of $304,957.91 by Charles H. Phelps, one of the clerks in the office, to whom the chief management of its affairs seems to have been confided, under the title of cashier. This title is wholly unknown to the law, was assumed without any proper authority, and has been kept up under a practice of long standing.

When this defalcation became known, believing it to be my duty to cause the most thorough investigation to be made of the condi-

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tion of the office, Mr. W. E. Warren, of the city of New York, an experienced auditor and accountant, was employed by me for the purpose, and his report will be transmitted to you at an early day. It shows that the whole amount of the moneys stolen by the nominal cashier was taken during the months of August and September, 1873, and that the fraud in applying the money to his own use was attempted to be covered up by false entries in the books of the office. There is no doubt that the defalcation is due, in a great degree, to the unwarrantable confidence reposed in him by the treasurer and his deputy. The former was absent from his office much of his time, and the latter, in the absence of his principal, seems to have surrendered the whole control of its affairs to the defaulting clerk, and to have endorsed drafts for a large amount of the moneys abstracted payable to the order of a pretended cashier of a private banking house in the city of New York of very questionable character, and he is unable to say whether the endorsements were filled up or signed in blank. It is proper to add that there is not the slightest ground for impeaching the integrity of the treasurer, or deputy, or any other subordinate in the office except the defaulting clerk. But there is no doubt the defalcation would have been prevented if the treasurer had been at his post and given to his duties the attention the state has a right to exact from the custodian of its treasure. In absenting himself for a considerable portion of his time he has but followed the example of his immediate predecessors and left the duties of his office (including the receipt and custody of millions of dollars) to be discharged by his deputy and clerks. He should be required by law to reside in Albany and to attend personally to his responsible duties.

The constitution authorizes the governor to remove the treasurer for any "violation of his duty." In a matter involving the reputation of a public officer, it was right in my judgment, that this provision should be construed strictly and that the power of removal should not be exercised unless some duty expressly enjoined by law had been omitted, or some act expressly forbidden had been committed. Under this provision thus interpreted it did not appear

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to me that a case had arisen to warrant the extreme measure referred to.

Several years ago a smaller defalcation occurred in this department. The deficiency was made up by taxation; and it will be necessary to lay another burden on the tax payers to make up a new deficiency by authorizing a tax for the purpose.

The comptroller and treasurer have adopted new safeguards by a more frequent inspection and comparison of the books of their respective offices; but absolute security from a fraudulent abstraction of the public funds can only be secured by the personal integrity of those who are concerned in their receipt and disbursement.

CANALS.

During the last year the public attention and interest have been earnestly given to the subject of cheapening transportation between the west and the Atlantic coast by the improvement of our natural and artificial waterways.

There is no economical question which concerns the people of this state more deeply. The most important aspect under which it can be viewed, is that of enabling them to procure at lower prices the supplies they require for their own consumption, and to obtain higher prices for articles they produce by enabling them to reach the points of exchange at a diminished rate of transportation. This is the local view, and the one in which the great body of our people have a primary interest. To the people of the west, and especially the grain producing districts, this is the sole view under which the question is regarded with much interest. They wish through cheaper transportation to sell their own products at better prices, and obtain at lower prices the articles they take in exchange.

There is another aspect of comparatively trifling importance to the west, but of the greatest consequence to us. It matters little to them by what channels they reach the markets for their products. But it is vital to the commercial ascendency of the city of New York, and to the continued success of our canal system, which has cost us so much, and which contributes so largely to our prosperity, that the communications between the two sections should not be lessened

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by the diversion into other channels of products seeking foreign markets.

It is not probable that any competing water communication can ever interfere with us materially, unless it be by the river St. Lawrence, which is reached by means of two short canals below all obstructions, thus affording a cheap and speedy connection with the ports of Lake Michigan. These two canals will probably be enlarged within a few years, so as to admit of the passage of vessels carrying cargoes of 1,600 tons, at a lower cost of transportation than we can afford, unless our canal locks can be so lengthened as to pass boats of greater capacity, or unless the cost of carrying can be reduced by using steam as a motive power, and lessening the time now required for transit from the lakes to tide water. In one respect the route to the ocean by the St. Lawrence will always contend at a disadvantage with ours. The port of New York is open at all seasons. The ports on the St. Lawrence are closed during six months of the year, and during these months Quebec and Montreal can only reach the ocean by several hundred miles of railroad.

If all the locks on the Erie canal were doubled, as they will be shortly, and the prism were made to conform to the prescribed dimensions, its capacity would, no doubt, be sufficient to perform all the service required of it for several years to come; and when to this increased capacity the application of steam, as a motive power, shall be added, its ability to maintain a successful competition with other routes cannot well be questioned. The experiments with steam already made, under the liberal inducement offered by the state, though not entirely satisfactory, leave little doubt that they will be so at no distant period of time.

When the canal debt is paid, or the payment secured by the accumulation of properly invested sinking funds, which shall equal in amount the bonds outstanding, the tolls can be again reduced and the cost of transportation be further diminished.

The expediency of constructing a ship canal to unite the waters of the Hudson and Lake Erie has recently given rise to much discussion. At the present time, with heavy burdens of taxation on the people of the state, in the prevailing derangement of busi-

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ness, and when we should economise our means by every practicable measure of retrenchment, it would be idle to take any steps toward the initiation of an enterprise of such magnitude and likely to involve an enormous expenditure. Should it be practicable at any future day to undertake it, I trust it may be with our own means and without the embarrassment of a copartnership with the federal government. Such a co-operation was suggested when the Erie canal was projected; but it was on full consideration renounced with the declaration on the part of the executive of the state that our resources were fully adequate to the accomplishment of the work "without extraneous aid."

In the mean time, with our canals fully completed for the transportation of bulky articles, and with our great railroad lines for those which are of lighter weight and more easily handled, there need be no fear that we shall be sufferers from the participation of our neighbors in the business of carrying.

RAILROAD COMPANIES.

The profligate management of some of our railroad companies and the losses resulting from it to those who have contributed to their construction, calls for some efficient measures of correction. The incalculable value of these improvements is universally conceded. They are indispensable to the public convenience; they enable us to cross the continent in less time than was required to go from New York to Buffalo half a century ago; and they bring to our doors products of the states and territories west of the Mississippi, which would otherwise never have reached us. They ought not by our legislation to be rendered unable to perform the valuable services they are rendering in bringing distant portions of our widely extended country into virtual contact, and in advancing our prosperity and growth with a rapidity hitherto unknown. But it is our duty to protect our towns and our citizens, who have aided in their construction, against the reckless and unscrupulous acts of the directors, by whom they are managed. Immense associations for railroad purposes, wielding hundreds of millions of dollars, have grown up within the last fifty years; and wherever great wealth is accumulated

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in new forms, we must expect it to be invaded through new forms of depredation. We have not kept pace with the progress of the crimes which this aggregation of capital has produced, by enacting suitable laws for their repression and punishment. The application of the funds belonging to railroad companies to objects other than those for which they were incorporated, and the use of these funds in any manner by the managers for private profit, should be made crimes punishable by imprisonment. It is a reproach to our criminal jurisprudence that there are hundreds of malefactors in our state prisons undergoing sentences for stealing sums under $50, while there are others at large who have by fraudulent contrivances for their own benefit sacrificed the property of confiding shareholders, many of whom are women and children, to the amount of hundreds of thousands of dollars, and are living in luxury on the proceeds of these enormous larcenies.

Our statutes in regard to the embezzlement of moneys and breaches of trust, are exceedingly defective in respect to the acts and persons embraced in them, the definition of the crimes, and the degree of the punishment awarded to them. Public officers and servants are not embraced in the statute of embezzlements; and it is doubtful whether it covers the acts of the officers and servants of public corporations, while the statute in regard to breaches of trust reaches only the acts of public officers, and provides for aggravated cases the inadequate punishment of imprisonment for a year in the county jail and a fine of two hundred and fifty dollars. There is nothing more glaring in the daily exhibition of crime than the abuse of fiduciary trusts. Little is needed now on the score of a firm and unsparing administration of justice; but there will be no security against the bad faith of trustees, employés of the state and the managers and directors of corporations, public and private, until the conversion to their own use of the moneys confided to them, or the diversion of such moneys from their proper objects, is more severely punished.

Among those who have suffered by the fraudulent or improvident management of railroad companies, are the inhabitants of many towns, which have been induced to subscribe to the capital stock,

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and have issued their corporate bonds to pay for it. These subscriptions will, in all probability, in some instances be a total loss, which must be made up by assessments on the property of the people of the towns from which they were procured. The bonds already issued by authority of the legislature are no doubt valid. But it seems to me to be due to the inhabitants of our towns, who are solicited, and often successfully, to subscribe to the stock of these companies by sanguine or exaggerated representations as to their productiveness, that all laws authorizing such subscriptions should be repealed.

It is estimated that at least 75 per cent of all the operations of the stock board in the city of New York are in railroad stocks and bonds; and the enormous speculations, of which they furnish the material, have contributed largely to the derangement of the legitimate business of the country. The practice by banks, which has to some extent prevailed, of certifying checks to be good when there were no deposits to meet them, has aggravated the evil by giving to particular individuals an almost unlimited credit, to be used in stock gambling. This practice should be arrested by making it a penal offence for any officer of a bank to certify a check unless the drawer of the check has a sufficient deposit in the bank to pay it.

Under former statutes framed to restrain stock jobbing, contracts to sell or transfer at a future day evidences of debt or stocks, not in possession of the party so contracting at the time of the contract, were declared to be absolutely void. These provisions of law were repealed in 1859. If they were revived, as has been suggested, they would probably be so generally evaded as to be inoperative. But it is worthy of consideration whether they might not be successfully applied to the traffic in gold, which has led to speculations of the most pernicious character, and which may be a source of serious embarrassment if the federal government shall adopt measures to resume specie payments.

LEGISLATION.

One of the greatest evils of our legislation is the carelessness and want of consideration with which bills are framed and passed, especially near the close of the session of the legislature, when it

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cannot give to each bill the care and deliberation due to every enactment of law. During the ten days preceding the close of the last session 352 bills were sent to the Executive Chamber for approval. Some of them were so imperfectly framed that they would have been a discredit to the statute book, some were of doubtful meaning, others were in direct violation of the constitution, while the purpose of many could be attained under existing general laws. The adjournment of the legislature rendered it impossible for the Executive to submit to it his objections to these bills. He was, therefore, constrained to withhold from them his approval without being able to confer with the houses in which they originated; and they were deposited in the office of the secretary of state, with a statement in nearly all cases of the grounds of his action.

The whole number of bills passed by the two houses of the legislature was 1,017. Of these 883 were of a private or local, and only 134 of a strictly public, nature. Although many of the former were unnecessary, as there were general laws under which their objects could have been substantially accomplished, they received the approval of the Executive from a reluctance on his part to return bills to the houses in which they originated, without the most substantial objections. Nevertheless, he was constrained, notwithstanding his earnest desire to be in accord with the two houses on matters of legislation, to withhold his approval from 147 of the bills sent to him.

The constitution provides that corporations may be formed under general laws; but shall not be created by special act, except for municipal purposes and in cases where, in the judgment of the legislature, the objects of the corporation cannot be attained under general laws.

The restriction contained in the last part of this provision has not been in all cases respected; for it is well known that charters are frequently sought and obtained by individuals desirous of being associated for private purposes, not because there is any difficulty in effecting their object under existing laws, but because a special act of the legislature is regarded as attaching to such associations a higher public estimation, even when conferring no additional privileges or powers. The legislature, in yielding to such applications, under a

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natural desire on the part of the members to gratify the wishes of their constituents, has disregarded a restriction, which was intended by the constitution as a restraint upon unnecessary legislation.

Your attention is respectfully and earnestly invoked to this subject, with the assurance that much of your valuable time may be saved, and that you may avoid the hardship of transacting public business at your own expense.

THE SUPPLY BILL.

The act annually passed "making appropriations for certain expenses of government, and supplying deficiencies in former appropriations," was originally what its title imports, an act to supply deficiencies in preceding appropriations, and usually covered two or three pages of the statute book. Last year it covered thirty-one pages, and by far the larger amount of its appropriations were for ordinary expenses of government, or for objects in no manner answering to the description of deficiencies. It is, in fact, to all intents, a second appropriation bill. There is no reason why it should not be made what it was originally, and still professes to be, an act to provide for deficiencies in former appropriations.

I most earnestly and respectfully request that the bill making provision for these objects may be sent to me not later than the 1st day of March, that full time be afforded me for examining it, and for you to reconsider it if it shall be found to contain matters which ought not, in my judgment, to receive my approval. At the last session of the legislature it was not passed until the very last moment, and, indeed, the adjournment was delayed for several hours after midnight in order to dispose of it. It is of the greatest importance to make all appropriations for the necessary expenses of government at an early day, and if another bill is required to provide for supplying deficiencies it should be sent to the governor for approval long enough before the close of the session to enable him to examine it with care, as he would, if he found objectionable items in it after the adjournment, be compelled to approve what he considered wrong, or withhold his approval from it altogether, and thus to defeat provisions indispensable to meet urgent public needs.

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EMINENT DOMAIN.

Among the bills left on my hands by the legislature was one authorizing the common council of one of our cities in the interior of the state to purchase or acquire lands for a public cemetery for its use, and conferring the right to take such lands without the consent of the owner. My approval was withheld from this bill from considerations, to which I deem it proper to call your attention.

The right of every individual to be secured in the undisturbed enjoyment of his property lies at the foundation of all responsible government. It is, indeed, one of the primary objects for which governments are instituted. To this fundamental rule there is but one proper exception. If private property is needed for public use, it may be taken by making just compensation to the owner; but the use must be one which is common to all, or which is indispensable to the accomplishment of some object of public necessity. This right of eminent domain, as it is denominated, is an incident of sovereignty; and it is one of the most arbitrary of all the powers of government.

In this state it has long been exercised for the purpose of constructing highways, canals and bridges, and, more recently, for railroads and supplying cities and villages with pure and wholesome water. In the latter case it is justified by the fact that the public health is directly concerned. Although railroads partake largely of the character of highways and are subject to the common use of the public on terms regulated by law, the delegation to them of the right to take private property for their use without the owner's consent was considered by many as exceedingly questionable, and was not conceded without hesitation by the legislature. In all these cases there is a necessity, in order to avoid or overcome physical obstacles, for pursuing given courses, and the refusal of a single owner of property might defeat the public object in view. Under such circumstances the government deemed it justifiable to interpose, and to authorize the property to be taken on making just compensation for it.

There is no such overruling necessity in selecting sites for cemeteries. If suitable ground cannot be obtained in one direction, it

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may be found in some other, and there is no reason why the matter should not be left to agreement by the parties. To take a man's property from him against his wishes and remonstrances for such a purpose seems to me a violation of one of the first principles of government.

Chapter 760 of the laws of 1870 undertakes to confer this right on incorporated rural cemetery associations. It authorizes private corporations to take a man's property from him without his consent at a valuation to be made by others, for the exclusive use of its shareholders. The bill referred to had the same objectionable feature in providing for the sale of burial plots to private individuals. Thus the common council after compelling a man to sell his property against his wishes, was authorized to re-sell it to others for their private use.

A still more objectionable bill was passed at the last session of the legislature by both houses, but was subsequently withdrawn.

Your attention is called to this subject with the hope that you will deem it your duty to arrest further progress in this direction and to repeal the act above mentioned; for it is not difficult to foresee that without some check to this invasion of private rights, the time may come, under a less virtuous condition of society, when no man can say with confidence that his farm is his own.

THE CURRENCY.

The city of New York is the financial and commercial centre of the Union. The greater part of the revenue from imports is collected there; and there, by its widely extended mercantile transactions, our foreign exchanges are for the most part regulated. Unfortunately, too, it is the principal theatre of the speculations, always enormous and frequently fraudulent, by which the legitimate business of the country is deranged and its good name sullied. The interests of the city and the state are thus so intimately interwoven with the condition of the currency of the country, that I feel justified in considering it within the provision of the constitution, which requires the governor "to communicate by message to the legislature at

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every session the condition of the state and recommend such matters to them as he shall deem expedient."

The financial pressure, under which the country is laboring, has exhibited a new phase — a suspension by the banks, not of payment in specie, but of payment in depreciated and inconvertible paper — a lower depth of discredit than we have ever before reached. Their condition, when public confidence was at its lowest ebb, may be exemplified by the hypothetical case of a debtor, who, when called on to pay, could only give his creditor a certificate that he owed him the money; and it is worthy of consideration that their inability to meet their obligations occurred with $700,000,000 of circulating bank and government notes outstanding.

The disordered condition of the currency, out of which this extraordinary suspension arose, is a source of general dissatisfaction to the people of the country and of serious injury and embarrassment to our commercial transactions at home and abroad. Indeed it may be justly said that the recent sudden revulsion in nearly all the channels of productive industry, by which multitudes of the laboring classes have been thrown out of employment, the fraudulent devices for pecuniary gain, the inordinate speculations, the profligate expenditure, public and private, and the wide-spread demoralization, by which we are dishonored, are the legitimate consequences of a long-continued suspension of specie payments by the government and the banks. If, as is believed, nothing but imminent danger to the public safety can justify a legislative act making depreciated paper a legal tender in contracts between individuals, it is the manifest duty of the government to repeal it at the earliest practicable day, when the danger is over, and put an end to the evil and injustice it has produced. And yet, after the lapse of nearly nine years from the suppression of the rebellion, no step has been taken by congress to repair this great public and private wrong. No country has ever had more abundant facilities for restoring or keeping up its circulating paper to the universal standard of value than we have possessed during this long period of inaction. We are producers of the precious metals in large quantities. The products of our mines during the last nine years are reported at $639,500,000. In the same period

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we coined $244,351,394.89 in gold, and $25,787,331.76 in silver—in all, $270,138,726.65. Thus, but little more than 42 per cent of the products of our gold and silver mines have reached our mints, while one of the chief occupations of our assay offices has been to convert our bullion into bars for exportation. We have, by the continued use of irredeemable paper, banished from the country the greater part of the precious metals which we have produced, or driven them into the manufacture of articles of luxury. We have gone so far in this false direction by the issue of $48,000,000 of fractional currency, as it is called (more than $28,000,000 of which is below the denomination of 50 cents), that we have expelled all our silver coin from circulation, leaving the whole business of domestic exchange to be carried on with depreciated paper, excepting the pieces of base metal in use of the value of five cents and under. To make the return to specie payments more remote and difficult the treasury department has during the last five years thrown into the market for sale $324,108,539 of gold coin. If half this amount had been kept in the public vaults, we might at this very hour have safely declared the circulating notes issued by the government to be redeemable in specie; while the gradual accumulation of such a supply of the precious metals would have been accompanied by a corresponding restraint on over-trading and speculation and rendered the transition to our present state of restriction comparatively easy and harmless.

There can be no higher proof of the impolicy of this process of self-spoliation than the fact that a direct reversal of it is the only mode by which we can hope to return to the standard of specie. The steps to be taken are, first, to regain the precious metals, of which we have improvidently stripped ourselves, and then to withdraw the paper, by which they have been driven into other channels. If our import duties do not yield a surplus for accumulation after paying the interest on our public debt, it would be far better to repurchase (as we can at a less price than we sold) a portion of the coin we have parted with than to prolong a state of things which is equally injurious to our industry and discreditable to our character as a commercial people. It is one of its unjust consequences that we

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levy on external commerce the whole amount of coin with which the interest of the public debt is paid, thus throwing upon a single branch of industry a burden which should be shared by all.

The experience of all countries attests that a paper circulation cannot be secured from pernicious fluctuations, unless it is upheld by a broad basis of specie. Independently of the consideration of stability in the value of the instruments we employ to effect our domestic exchanges, it is of vital interest to the laboring classes that the precious metals should enter so largely into circulation as to constitute the principal medium for the payment of their wages and the purchase of necessaries to supply their moderate wants. To accomplish these objects we must withdraw our fractional currency and a sufficient amount of notes of other denominations to make the residue practically redeemable in specie. The result would be to infuse into the circulation a supply of coin on which the government and the banks could draw in cases of emergency, and avert much of the evil incident to the fluctuations of a currency consisting largely of paper. The Bank of England issues no notes under five pounds sterling — about $25. The Bank of France issued none before the war with Germany under fifty francs — about $10. The latter country had nearly $450,000,000 in gold and silver coin at the commencement of that contest. Without such a supply of specie to draw upon she could not, without great pecuniary and commercial disaster, have paid the enormous war fine of nearly $1,000,000,000 in which she was mulcted by the emperor of Germany.

There are already numerous schemes to remedy existing evils, some of them providing for an additional issue of interest-bearing bonds, redeemable in greenbacks; or, in other words, of paper in one form, redeemable in irredeemable paper in another form. Unless the testimony of all history is discarded, these schemes can have no other consequences than to prolong and aggravate prevailing embarrassments, and end in a catastrophe more overwhelming to the prosperity of the country and the credit of the government, than any we have yet experienced. It is a great error to suppose that there is any mystery in the currency question, how-

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ever industriously the belief may be propagated by the advocates of paper, so long as all our reasonings concerning it are in relation with the standard of specie. It is only when men undertake to make that which has no intrinsic value perform an office to which intrinsic value is indispensable; or, in other words, it is only when men try to solve the impossible problem of ascertaining with how much inconvertible paper the commercial transactions of a great country can be carried on, that their minds become mystified and run into the most illogical theories. It is believed that the remedial process, by which we are to be effectually relieved, is one of the utmost simplicity — namely, to gather together at the earliest day possible, by purchase or otherwise, a sufficient amount of specie, to enable us to declare our circulating paper redeemable in coin. The precise amount needed may be the subject of some difference of opinion, but not so great as to cause any serious embarrassment.

The present moment is a most favorable one for restoring the country to a solvent condition. The state of our foreign commerce, the abundance of our harvests and our general prosperity, combine to inspire confidence in any well-directed effort to accomplish the object; and it is the opinion of many of our most judicious and experienced bankers and financiers, that the government may safely declare now that it will redeem its circulating notes in specie, on the 1st of January, 1875.

It is not to be disguised that powerful influences are likely to be felt in congress, and are already at work in opposition to all measures framed with a view to bring about the resumption, which public opinion clearly demands, and to which the government is distinctly pledged. Among these are a large portion of the banks, which look only to present profit; the debtor classes, which naturally desire to pay in the cheapest currency; the large manufacturers, who derive from the premium on gold a protection beyond that, which is incident to the present high tariff of duties on foreign products; and the rapacious swarm of speculators, whose schemes can best be accomplished with irredeemable paper. It remains to be seen whether these interests are to control the action

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of congress in disregard of the common welfare, or whether, as is earnestly to be hoped, they will be firmly and effectually resisted.

I should not have dwelt on this subject so much in detail but for the deep interest of the people of this state in securing and maintaining a stable currency convertible at all times into specie. The evils we are suffering have been often repeated, but they seem to fade out of our remembrance with every season of returning prosperity. More than half a century ago, in a similar financial and commercial crisis, DeWitt Clinton, while occupying the executive chair of this state, addressed to the legislature sitting in the same halls in which you are assembled, the following emphatic language:

"The banishment of metallic money, the loss of commercial confidence, the exhibition of fictitious capital, the increase of civil prosecutions, the multiplication of crimes, the injurious enhancement of prices, and the dangerous extension of credit are among the mischiefs which flow from this state of things."

These words of an illustrious statesman, coming back to us after the lapse of years and portraying with striking fidelity our present condition, manifest that no increase in population and wealth, no advance in general prosperity, no progress in productive industry, in art or in civilization, can shield us from the fluctuations and reverses, which are sure to follow in the train of an irredeemable paper currency.

PUBLIC BUILDINGS.

It is worthy of your consideration whether some uniform mode of superintending the construction of the public buildings which are in progress should not be adopted. Beside the new capitol there are three hospitals or asylums for the insane (the Hudson river state hospital, at Poughkeepsie, the homœopathic asylum, at Middletown, and the state asylum, at Buffalo), and a state reformatory at Elmira, which are incomplete.

The original estimates for the construction of these buildings are nearly as follows:

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The new capitol at Albany	$4,000,000 00
The Hudson river state hospital	800,000 00
The homœopathic asylum	100,000 00
The state reformatory	680,000 00
The Buffalo state asylum	600,000 00
	$6,180,000 00

There have been expended on these buildings the following sums, viz.:

The new capitol, the external walls of which are only raised to the height of the first story	$4,961,620 00
The Hudson river hospital, about one-third completed, and for drainage and water supply	1,100,000 00
The homœopathic asylum	195,000 00
The state reformatory, on the foundation walls, the walled inclosure, and the lower story of part of the building	451,811 06
The Buffalo asylum, on the foundation, administration building, two wards and rear buildings	549,558 26
	$7,257,989 32

A fair estimate of the cost of these structures and their appurtenances, if completed according to their present plans, is believed to be as follows, viz.:

The new capitol	$15,000,000
The Hudson river hospital	3,000,000
The homœopathic asylum	600,000
The state reformatory	2,000,000
The Buffalo asylum	3,000,000
	$23,600,000

or nearly four times the original estimates.

The increased cost has been caused in some instances by changes of plan, and to some extent by the advanced price of labor and

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materials; but it is to be accounted for in a far greater degree by understating the necessary expenditure in the original estimates; and it is not believed that the legislature would have authorized the construction of these buildings on the plans adopted, if accurate statements of their probable cost had been submitted to it.

The capitol at the seat of government represents the sovereignty of the people of the state. The laws by which they are governed are enacted within its walls. It is right that it should bear in its dimensions and the perfection of its architecture, a just relation to the dignity of the service to which it is dedicated; and the people will not object to any reasonable expenditure which may be necessary to make it a fitting symbol of their supremacy and power.

The proposed expenditure is nevertheless far greater than it should be; and it is believed that it may yet be reduced without impairing the architectural finish or proportions of the edifice.

In regard to buildings intended for the treatment and care of the insane, and for the custody, punishment or reformation of criminals, it is neither necessary nor appropriate that they should be ornamental or costly in their architecture. They should be plain and substantial, and should be constructed with the single purpose of adapting them to the uses for which they are designed. The cities and districts within which they are established will very naturally desire that they should be highly embellished as ornaments to their neighborhoods; and as the superintendence of their construction is usually confided to persons who reside near them, it will require great care on the part of the state, as experience has shown, to prevent the plans from being modified by costly alterations or additions.

The most effectual method of guarding against defective estimates of cost and changes of plan involving additional expenditure is to place the construction of all buildings to be erected at the expense of the state, under a single superintending architect, with a salary sufficient to command the highest qualifications. Such an arrangement would also save to the state a large portion of the compensation now paid to a number of architects receiving a percentage on the amount expended in the construction of the buildings respectively in their charge. No plan should be finally adopted and no

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building commenced until all the working drawings are perfected; and when this is done, an experienced builder is often more competent to carry on the work of construction than the architect by whom it was designed.

If the appointment of a superintending architect is provided for, his first duty should be to see whether such modifications may not be made in the plans of the buildings now in progress as to secure a material reduction of their cost. That the expenditures have not only been unnecessary but extravagant, in more than one instance, cannot well be doubted. The Hudson river hospital, so far as it is constructed, is a model building, but it has cost a larger sum than was necessary, and certainly much more than the state can afford, if provision is to be made for such of our seven thousand insane as are in indigent circumstances. The materials for another section of the building are on hand and paid for; and it is desirable that this section, which can be constructed according to the same external design at a comparatively less cost than the one already completed, should be finished as speedily as possible. The expense of drainage and supplying the institution with water has also been paid, so that the further expenditure will be limited to the cost of the building and its necessary furniture.

It is also desirable that the two wards of the Buffalo asylum, partially constructed, should be completed so as to be in condition to receive inmates.

With these two exceptions, and with an appropriation for the new capitol, it is due to the people of the state, already overburdened with taxes, that further expenditure on these buildings should cease until the plans can be revised and their cost brought within reasonable bounds. It is of the more importance, as other receptacles will be needed to provide for the insane poor. A large number are in county poor-houses in the most deplorable condition and wholly without remedial treatment; and there can be little hope of making provision for them if millions are lavished upon two or three costly establishments.

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CERTIFICATES FOR SERVICE IN THE WAR OF 1812.

In 1859 an act was passed making compensation to the militia of this state for certain expenses incurred in the war of 1812. Under this act awards were made and several thousand certificates were issued. The legislature appropriated $50,000 in 1869 and $100,000 in 1870 for the payment of these certificates. There are many thousand yet outstanding, and, as they bear interest, the amount due on them is constantly increasing. Frequent applications are made for payment, but beyond a balance of less than $3,000 there are no moneys in the treasury applicable to this object. The holders of these certificates, or, at least, those to whom they were issued, are old men, and can derive little benefit from them unless they are speedily paid. Many of them have, no doubt, passed into other hands, but to the extent that the faith of the state is pledged for their payment, provision should be made for the purpose. Partial payment has been made on a large number of the certificates, and their validity is thus acknowledged in a two-fold sense.

OBSTRUCTION OF THE HARBOR OF NEW YORK.

Your immediate attention is earnestly called to obstructions in the harbor of New York, caused by discharging ashes and cinders from steamboats, and throwing earth, stones and rubbish of all description into its waters, and also by the construction of docks extending into those waters far beyond the exterior lines heretofore established. There are legal provisions by which obstructions from the first-named cause may be restrained by fines, but the pilot commissioners, who are authorized to prosecute for them, have no means of meeting the expense of detecting violations of law. The subject is one of pressing urgency. Shoals are in the process of formation, and it is a well-known principle that as the tidal flow inward from the sea, at the mouths of rivers, is impeded by the obstruction or contraction of the channel, the outward flow is proportionably diminished in force, and the harbor becomes gradually shallower. The harbor of New York has already been seriously

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injured by these obstructions, and unless their progress is arrested by speedy and efficient measures, there is great danger that it may in the course of time share the fate of many maritime ports in Europe which have, through like causes, become wholly useless.

CENTENNIAL EXHIBITION.

On the 3d March, 1871, the congress of the United States passed an act to provide for celebrating the one hundredth anniversary of American Independence by holding an international exhibition of arts, manufactures and products of the soil and mine, in the city of Philadelphia, in the year 1876.

The act provided for the appointment of a commissioner and an alternate commissioner from each state and territory, to constitute a commission which was required to hold its meetings in the city of Philadelphia, and to report to congress a plan for carrying out the object of the act.

Preliminary measures have been already adopted for the purpose, and the president of the United States has issued his proclamation commending the celebration and exhibition to the people of the United States and to all nations who may be pleased to take part in them.

It is now recommended by the centennial commission that each state and territory appoint a board of managers, not exceeding five in number, for the purpose of organizing their respective states and territories, and of securing a thorough representation of the products of industry of each in the exhibition.

Several of the states have entered with earnestness upon the work, and it is greatly to be desired that it should be carried out in a manner which will be creditable to the country. In order that the products of our own industry may be advantageously exhibited, a state board seems to be indispensable. It is not proposed that the members should have any compensation, and it is not doubted that gentlemen can be found who will undertake the service for the purpose of insuring a proper representation of the state at an exhibition in which our states and territories and foreign countries will take part. But it ought not to be expected that they should do more

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than pay their own personal expenses. The labor of preparing and managing the exhibits of the states is very great, and cannot be performed without the aid of a secretary and clerk and without incurring expenditures for the rent of an office and some incidental objects. These expenditures must be borne by the state, if such a board is created. The amount need not exceed seven or eight thousand dollars a year for the term of two years from the fourth of July next.

AMENDMENTS TO THE CONSTITUTION

It will devolve on you to consider and act upon the amendments to the constitution, which were agreed to by the two branches of the legislature at its last session. Should they be agreed to by a majority of all the members elected to each house at the present session, it will be your duty to submit them to the people, and if, on being so submitted, they are approved and ratified by a majority of the electors qualified to vote for members of the legislature voting thereon, they will become a part of the constitution. These amendments were matured after the most deliberate consideration by a body of citizens eminent for their ability and experience, representing in equal numbers the two leading political parties in the state, and they provide for defects in the constitution, which have been a source of great public inconvenience and injury. It is earnestly hoped that they may meet your approval. Should you fail to agree to them it would be necessary to institute new proceedings, which would prolong existing defects in the constitution for a further term of three years.

Having thus laid before you such considerations as the condition of the state seems to me to demand, it only remains for me to express the hope that your deliberations may be carried on in friendly concord to results which will promote the best interests of your constituents. It will be a source of sincere gratification to me if I can contribute, by any co-operation on my part, to the harmony of our official intercourse and to the welfare of those we represent. It may be regarded

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as a fortunate occurrence that the two great political parties in the state are represented with so near an approach to equality in both branches of the legislature; and if differences of opinion shall manifest themselves on questions of which our party divisions are the growth, I look to both with the same confidence for pure and patriotic action on all matters affecting the good name of the state and the welfare of the people. In this assurance and trust I tender you a cordial welcome to the halls of legislation.

JOHN A. DIX.

ALBANY, *Jan. 6th.* 1874.

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No. 2.

IN ASSEMBLY.

January 5, 1875.

ANNUAL MESSAGE OF THE GOVERNOR.

EXECUTIVE CHAMBER,
ALBANY, *January* 5, 1875.

To the Legislature:

At the advent of a new year, when the public bodies assemble, to consult in respect to the affairs, and to transact the business of the State, our first thought should be, to offer up devout thanksgiving to the Supreme Disposer of events, for the blessings which we have enjoyed during the year now closed. Our great Commonwealth comprises a population of more than four and a half millions — largely exceeding that of the whole United States at the formation of the Federal Government —and embracing vastly more extensive and diversified interests and activities. Our sense of duty ought to be commensurate with the magnitude of the trust conferred upon us by the people. Forming, as our State does, so important a part of the American Union, the benefits of an improved polity, of wise legislation, and of good administration, are not confined to our own citizens, but are felt directly and by their example, in our sister States, and in our national reputation throughout the world. Mindful, with you, of these considerations, I proceed to perform the duty enjoined by the constitution upon the governor, to "communicate, by message to the Legislature," "the condition of the State," and to "recommend such matters to them, as he shall deem expedient."

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RECEIPTS AND EXPENDITURES.

The receipts into and payments from the Treasury, on account of all the funds, except the Canal and Common School Funds, for the fiscal year ending September 30, 1874, were as follows:

Receipts	$26,465,370 43
Payments	19,636,308 36
Balance in the Treasury September 30, 1874	$6,829,062 07
The available balance amounted to	$6,494,881 44

The difference being made up by the defalcation in the State Treasury in 1873, of $304,957.91, and the sum of $29,222.72, being an old balance due from the Bank of Sing Sing.

STATE DEBT.

On the 30th of September, 1873, the total funded debt was $36,530,406.40, classified as follows:

General fund	$3,988,526 40
Contingent (stock issued to the Long Island Railroad Company)	68,000 00
Canal	11,352,880 00
Bounty	21,121,000 00
	$36,530,406 40

During the months of August and September, 1873, stocks of the Bounty Loan were purchased to the amount of $306,000, but not canceled until after September 30, 1873. Deducting this sum, the bounty debt amounted to $20,815,000, and the total debt to $36,224,406.40.

On the 30th September, 1874, the total funded debt was $30,199,456.40, classified as follows:

General fund	$3,988,526 40
Contingent	68,000 00
Canal	10,230,430 00
Bounty	15,912,500 00
	$30,199,456 40

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The actual reduction of the State debt during the fiscal year ending September 30, 1874, by cancellation of matured stocks, and by the purchase of $4,902,500 of Bounty Loan 7s of 1877, for the Bounty Debt Sinking Fund, is $6,024,950.

In addition to the $4,902,500 of Bounty Stock, purchased for the Bounty Debt Sinking Fund during the last fiscal year, and canceled, there have been investments for that sinking fund, since the date of the last report to the present time, in State Securities and Government Registered Bonds to the amount of $4,381,500, at a cost of $4,972,091.35; add $327,283.88 premium and $3,210 commissions on Bounty Loan Stock purchased and canceled, and $1,421,584, interest on Bounty Debt, makes a total of $11,626,667.23 paid on account of this Sinking Fund since the date of last report to the present time. The securities, now held in trust for this sinking fund, amount, at their par value, to $6,802,944.09, which could be disposed of, at the present market rates, at an average premium of over twelve per cent.

The following statement shows the amount of the State debt on the 30th September, 1874, after deducting the unapplied balances of the sinking funds at that date:

	Debt on the 30th September, 1874.	Balance of sinking funds on 30th September, 1874.	Balance of debt after applying sinking funds.
General Fund....	$3,988,526 40	$4,142,693 84	
Contingent.....	68,000 00	32,823 49	$35,176 51
Canal.....	10,230,430 00	1,561,018 99	8,669,411 01
Bounty.....	15,912,500 00	*7,125,278 20	8,787,221 80
	$30,199,456 40	$12,861,814 52	$17,491,809 32

The State debt on the 30th September, 1873, after deducting the unapplied balances of the sinking funds, amounted to.....	$21,191,379 34
On the 30th September, 1874, to.....	17,491,809 32
Showing a reduction of.....	$3,699,570 02

* Deducting interest accrued to October 1, 1874, payable January 1, 1875.

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TAXES.

The State tax levy for the current year amounted to 7¼ mills.

The total amount of the tax will be $15,727,482.08, about $900,000 in excess of the amount levied during the preceding fiscal year.

OTHER DEPARTMENTS OF THE STATE.

Summary statements in respect to the Banks, Savings Banks, Trust, Loan and Indemnity Companies, Insurance Companies, Quarantine, the Emigration Commission, Common Schools, Colleges and Academies, the State Library and Museum, the National Guard, the soldiers of the war of 1812, the war claims against the United States, the Salt Springs and the State Prisons, are appended. The full reports of the public officers and boards, charged with the special care of these subjects, will be transmitted as soon as their preparation is completed. Your attention is invited to them, and especially to the report of the Comptroller, which will be submitted at the opening of the session.

STATE CENSUS.

The Constitution provides that an enumeration of the inhabitants of the State shall be taken, under the direction of the Legislature, in the year 1855, and at the end of every ten years thereafter.

Chapters 64 and 181 of the Laws of 1855, and chapter 34 of the Laws of 1865, which remain in full force, prescribe the manner of taking the enumeration.

These acts require the Secretary of State to prepare uniform blank returns and abstracts, for the purpose of taking the enumeration and obtaining statistical information as to population and social statistics, the resources and interests of the State, individual and associated industry, agriculture, the mechanic arts, commerce and manufactures, education, and other information of great value to the statician and all classes of citizens, and will probably require little or no modification.

It will be necessary for the Legislature to make an appropriation to enable the Secretary of State to carry into effect the provisions of the Constitution and statutes above referred to. A sum equal to the

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amount appropriated in 1865 for that purpose, by chapter 598 of the Laws of that year, will probably be sufficient.

The Secretary of State has taken preliminary steps toward taking the enumeration, and looks to the Legislature for an early appropriation to enable him to go forward with the work.

PAUPERISM.

The annual report of the State Board of Charities will be laid before the Legislature, and I commend it to your attention. It will contain the results of a special examination in respect to the condition of children in the poor-houses, and the subjects of out-door relief and alien paupers. The laws relating to pauperism need revision and amendment. The growth of the State in wealth and population has brought with it more complex relations between capital and labor, which should be carefully studied, in order that legislation may be adapted to their requirements. I suggest whether it is not advisable that a commission be appointed to investigate and report upon the management and relief of the poor, and to propose such legislation as will tend to relieve the industry of the State from the evils which result from poor laws, vicious or inadequate in conception, or defective in execution.

CENTENNIAL EXHIBITION.

The celebration of the centennial anniversary of American Independence will occur in the year 1876. Under the auspices of the general government an international exhibition of arts, manufactures and natural products will be held in the city of Philadelphia. Provision has already been made for the appointment of a board of five commissioners to represent this State, who are to serve without compensation. I recommend a moderate appropriation of money, which will be required to defray the necessary expenses of the commission, and enable this State to take such part in the exhibition as will testify our sense of the greatness of the event commemorated, and is suitable to the dignity of our Commonwealth.

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CONSTITUTIONAL AMENDMENTS.

The adoption of the recent amendments to the Constitution renders necessary some important legislation in order to carry them into full effect. The changes made in article 2 require corresponding changes in the election laws, with respect to challenges and the oaths thereupon, and the enactment at the present session of a law "excluding from the right of suffrage all persons convicted of bribery or of any infamous crime."

The amendment of section 4 of article 8 of the Constitution, requires the enactment of a "general law conforming all charters of savings banks, or institutions for savings, to a uniformity of powers, rights and liabilities."

The addition of article 15 necessitates the passage of an act prescribing the punishment for the offense of bribery created in sections 1 and 2. Some legislation may be necessary in consequence of the change in the mode of compensating members of the Legislature, and in some other matters which will readily occur to you.

The section added to article 3 as section 18 requires the passage of general laws, providing for the cases in which special legislation is prohibited by that section. Many of these cases are within existing general laws, and, with respect to several others, no immediate legislation seems to be required. Doubtless, however, some legislation is expedient, either in the way of enacting statutes providing for the cases to which the existing statutes do not apply, or in the way of amendments to existing statutes.

The provision prohibiting special legislation in the cases specified is the amendment, from which the largest benefits have been anticipated. In framing the general laws which are to provide for these cases, great caution will be necessary. The part I took in the Convention of 1846, and even before the enactment of the general banking law of 1838, in advocating the principle of general laws in its application to the creation of corporate bodies which had been practical monopolies, and to other cases where it seemed to be safely applicable, may justify me in suggesting some qualification of the advantages to be derived from the change, unless it be accompanied by especial foresight and wisdom.

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It will doubtless be an unavoidable necessity to modify existing general laws, and to shape new ones to be enacted with reference to special and peculiar cases. It is quite possible to give a general form to the phraseology of every enactment intended to apply to a special case, and to operate as a special grant of powers.

The benefit intended to be secured by the prohibition may thus be defeated. Even greater mischiefs than those which existed under the old system may be created.

The parties interested in promoting a law intended to obtain special powers for a particular case, cannot be relied on to guard against the possible operation of the general provision in the other cases to which it may be applied. The legislators, who could measure the whole consequences of an act limited in its terms to a special instance, cannot foresee the possible cases to which a general law adapted to the instance present to his mind, may be found capable of applying, or what operation it may have. There will, therefore, be great danger of vague, loose and hasty legislation in contemplation of one object, but capable of working in numerous cases results neither foreseen or intended.

The new legislation called for by this provision should be framed with more than ordinary care.

FRAUDS AND MALVERSATION BY PUBLIC OFFICERS.

It will be the first and most imperative of our duties to revise the laws which are intended to provide criminal punishment and civil remedies for frauds by public officers, and by persons acting in complicity with them. The condition of our existing statutes and of our unwritten law, as its provisions for such cases have been construed and declared by recent decisions of the court of final resort, disclose grave defects. The practical evils resulting from these defects are greatly increased by the recent frequency and magnitude of violations of official trust.

IMPERFECTION OF CRIMINAL LAWS.

The statutes punishing embezzlement are held not to apply to such offenses, when committed by public officers. The statutes relating to larcenies are deemed to be of questionable application to a fraudulent

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acquisition of public funds, existing in the form of credits inscribed on the books of a bank, and known in the language of commerce as deposits. The statutes in regard to obtaining money or property by false pretenses, are not free from technical embarrassments in their application to public frauds. Without assenting to the conclusion that these statutes are wholly unavailable in such cases, it cannot be doubted that they are inadequate, unfit for the exigencies of the times, and that they abound in needless technical questions which tend to the defeat of public justice.

No illustration of these defects can be so impressive, as certain facts of recent experience. A public officer designated by statute of the State, and authorized, with two others, to audit the then existing liabilities against the county of New York, fraudulently made an audit, or certified to an audit not made, of fictitious claims to the amount of six millions of dollars, and instantly received a million and a half of the money paid on such audits, through a common agent between himself and the pretended owners of the claims. For this flagrant crime, accompanied by many circumstances of aggravation, the eminent counsel, who represented the people, deemed it prudent to seek convictions only for misdemeanors in neglect of official duty, the punishment for each of which is imprisonment in the penitentiary for a term not exceeding one year, and a fine not exceeding two hundred and fifty dollars. When we consider that a person, who, under the temptation of pressing want, steals property of the value of over twenty-five dollars, is liable to imprisonment in the State prison for a term of five years, and that the other offenses against private property are punishable with corresponding severity, the inadequacy of the law applicable to great public delinquents, betraying the highest trusts, and plundering the people on a grand scale, is revolting to all just notions of morality and justice.

RECOMMENDATIONS.

I recommend the enactment of a statute which shall clearly embrace such offenses, and impose penalties upon them proportionate to their moral turpitude and to the mischief which they inflict upon society. It can apply only to future cases; but it may be expected to do something toward preventing a recurrence of such evils.

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CIVIL REMEDIES.

The existing civil remedies applicable to such cases are no less inadequate. For the last three years, the spectacle has been exhibited on the conspicuous theater of our great metropolis, of fraudulent officials remaining in quiet possession and making unobstructed dispositions of great wealth, which we are morally certain was derived from their spoliation of public trusts, notwithstanding legal proof of the most conclusive nature exists of their guilt. In the meantime, civil actions have been dragging their slow length along, as in ordinary cases of disputed rights, while the "laws delay" has been maintained by the use of the vast fund abstracted from the public, and no process has been found in our laws by which it could be attached and preserved pending the litigation, or its disposition interfered with before final judgment.

RECOMMENDATION.

A bill to extend to such cases the remedy of attachment as in case of foreign corporations, or non-resident, absconding, or concealed defendants, has been heretofore submitted to the legislature. I trust that such a measure will be speedily adopted. I recommend, further, that preference be given to such cases in the courts, whoever may be the party plaintiff.

A GREAT DEFECT IN OUR JURISPRUDENCE.

A still more serious defect exists in our jurisprudence. Where a wrong is committed, which affects the treasury of a city, county, town or village, the officers who would be the proper plaintiffs in any suit for redress, or who possess exclusively the power to institute or conduct such suits, may be themselves the wrong-doers, or be in complicity with the wrong-doers. In every such case, the remedy must, of course, be very much embarrassed, if not wholly unavailing. The unfaithful incumbents may be entitled to serve for a long term, or they may possess great facilities for gaining the favor of their successors. While the remedy is thus delayed — perhaps for years — the proofs may be lost; or the depredators may make away with their

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property, and withdraw their persons from the reach of process; or they may, through the lapse of time, become discharged from liability by the statute of limitations. As the offense becomes stale, the public sentiment, which inspires voluntary efforts of patriotic citizens in behalf of the people to seek redress, is wearied and weakened. On the other hand, temptations are strengthened and developed into actual crimes by the prospect of impunity, which grows out of tardiness and uncertainty in the remedial law.

ATTEMPTS TO REMEDY THAT DEFECT.

The frequent occurrence of malversation in local governing officials, has stimulated ingenuity to devise some judicial remedy. At first it was conceived that the injured tax payers or inhabitants might, in their own names, invoke judicial aid. An analogy was set up to the case of a private corporation in which a corporator, on the omission of the directors to sue, might bring an action, in behalf of himself and his associates, making the corporate body a defendant. The idea received much favor from the courts in the judicial district which comprises the city of New York.

But the Court of Appeals in *Roosevelt* v. *Draper*, and in *Doolittle* v. *Supervisors of Broome County*, decided that the individual tax payer had no special interest distinct from that of the public, which would enable him to sustain an action, in person, for the redress of a public wrong of the nature involved in those cases. In the former case, the intimation was made, that the true "remedial process against an abuse of administrative power tending to taxation, is furnished by our elective system, or by a proceeding in behalf of the State;" in the latter, that "for wrongs against the public, the remedy, whether civil or criminal, is by a prosecution instituted by the State in its political character, or by some officer authorized by law to act in its behalf."

The whole reasoning of the court proceeded upon this ground, nor does it seem to have been questioned by the counsel on either side. The remedy intimated in these decisions has been recognized as established law in Great Britain, from which we inherit our equity jurisprudence, by a series of great precedents. It has been applied to populous municipalities, like Liverpool, and to corporate funds

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derived from taxation, and applicable to general municipal purposes. It is a natural deduction from the historic origin and the expansive philosophy of the equity system, whose proud boast has ever been that it leaves no wrong without a remedy.

On the discovery in 1871 of the frauds committed by the governing officials of the municipality of New York, the Attorney-General, acting on these intimations of our own courts and on the English precedents, instituted actions against the parties inculpated by positive proofs. Within the last year the Court of Appeals, in the cases of *The People* v. *Tweed, Ingersoll et al.*, and of *The People* v. *Fields*, has decided that the State cannot maintain those actions. The result is at last arrived at, that neither the taxpayer, nor the State in his behalf, can seek redress; that in all the long interval, nobody has been competent to sue or conduct a suit, except some corporation counsel who was an appointee of the accused parties. This is a state of our jurisprudence which calls for new legislation.

NEW LEGISLATION.

In choosing between the two expedients of vesting the right to sue in the individual taxpayer or in the State, it is obvious that the latter should be preferred. The existing statutes intended to confer some limited rights on the individual taxpayer, are practically nugatory. The reasoning of the Court of Appeals, in the cases denying him the right under our customary jurisprudence or the common law, argues with cogency the inconveniences which might attend the possession of such a power by every member of so multitudinous a body. The wiser alternative is to vest the power in the people of the State, acting by their Attorney-General. It will be analogous to the authority which exists in respect to private corporations and in cases of nuisances, and of *quo warranto:* and will be in conformity to the safe methods and traditional usages of equity jurisprudence.

LOCAL SELF-GOVERNMENT.

The establishment of such a remedy for the injured taxpayer or citizen will not detract from, but will make possible, and will found

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on a durable basis local self-government. Human society will struggle, like every thing that lives, to preserve its own existence. When abuses become intolerable, to escape them it will often surrender its dearest rights.

All the invasions of the rights of the people of the city of New York to choose their own rulers and to manage their own affairs — which have been a practical denial of self-government for the last twenty years — have been ventured upon in the name of reform, under a public opinion created by abuses and wrongs of local administration, that found no redress. When the injured taxpayer could discover no mode of removing a delinquent official, and no way of holding him to account in the courts, he assented to an appeal to the legislative power at Albany; and an act was passed whereby one functionary was expelled, and by some device the substitute selected was put in office. Differing in politics as the city and State did, and with all the temptations to individual selfishness and ambition to grasp patronage and power, the great municipal trusts soon came to be the traffic of the lobbies. It is long since the people of the city of New York have elected any Mayor who has had the appointment, after his election, of the important municipal officers. Under the charter of 1870 and again under the charter of 1873, the power of appointment was conferred on a Mayor already in office. There has not been an election in many years, in which the elective power of the people was effective to produce any practical results, in respect to the heads of departments in which the actual governing power really resides.

A new disposition of the great municipal trusts has been generally worked out by new legislation. The arrangements were made in secret. Public opinion had no opportunity to act in discussion, and no power to influence results. Inferior offices, contracts, and sometimes money were means of a competition, from which those who could not use these weapons were excluded.

Whatever defects may sometimes have been visible in a system of local self-government, under elections by the people, they are infinitely less than the evils of such a system, which insures bad govern-

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ment of the city, and tends to corrupt the legislative bodies of the State.

A popular election invokes publicity — discussion by the contending parties — opportunity for new party combinations, and all the methods in which public opinion works out results.

OFFICIAL ACCOUNTABILITY A CONDITION OF MUNICIPAL INDEPENDENCE.

No part of the civic history of this State is more instructive than the recorded debates of the Convention of 1821, on the question of electing, by the voters of the counties, the sheriff, who is the executive arm of the State. It was thoughtfully considered by our foremost statesmen. Its solution embraced the two ideas — the selection by the locality, and the removal for cause by the State. The Convention of 1846 carried its dispersion of the power of choosing local officers, much farther, on the same system. That system is to distinguish between the power of electing or appointing the officer and the power to hold him to account. It is, while dispersing the one to the localities, to reserve the other to the State, acting by its general representatives, and as a unit; to retain in the collective State a supervisory power of removal, in addition to whatever other accountability may result to the voters or authorities of the locality, from the power to change the officer at the expiration of his term, or from special provisions of law.

The two ideas are not incompatible. On the contrary, each is the complement of the other. Such dispersion of the appointing power has become possible, only because these devices have been invented to preserve accountability to the State.

The right of the State, by its general representatives to remove, is capable of being made to destroy the local election or appointment. The right of the State to sue is not. It is less in conflict with the local power of election and appointment. Official accountability is not complete if there is no remedy for official wrongs but removal. That remedy needs to be supplemented by accountability in the courts on the appeal of a taxpayer or citizen of the locality. If a right to that appeal is denied, the appeal will continue to be made, on often

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recurring occasions, to the legislative power; and the system of the last twenty years will be perpetuated.

MUNICIPAL PROBLEM.

The problem of municipal government is agitating the intellect of all civilized peoples. In our own State it is the more interesting and important because it involves the half of all our population, which lives in cities or large villages.

The frame-work of the system which we should adopt must be intrenched in the fundamental law; and protected, by constitutional restrictions, from arbitrary and capricious changes by legislation. This problem failed of any solution in the recent amendments to the Constitution. It is worthy of long continued thought and debate. Time and discussion will at last mature a safe and wise result.

THE ERIE CANAL AND THE TRANSPORTATION PROBLEM.

The State of New York, not denying the general unfitness of government to own, construct or manage the works which afford the means of transportation, saw an exception in the situation, and in the nature of the canals, which are trunk communications between the Hudson and the great inland seas of the North and West. They connect vast navigable public waters, and themselves assume something of a public character.

THE NATURAL PASS OF COMMERCE.

The voyage from Europe to America, even if destined to Southern ports, is deflected by the ocean currents so as to pass closely by the gates of our commercial metropolis. That capacious harbor is open the whole year, accessible in all prevailing winds, is sheltered, safe and tranquil. From it the smooth waters of the Hudson give transit to the lightest hull, carrying the largest cargo, which the skill of man has brought into use. The head of navigation on the Hudson touches the natural pass of commerce, opened up in the geographical configuration of this continent, where the Alleganies are cloven down to

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their base, and travel and traffic are allowed to flow accross on a level and by the narrowest isthmus, to the lake ports, which connect with all that great system of inland water communication and interior commerce, the most remarkable, in its character and extent, and accessories, that exists in any part of the globe.

THE NORTHWEST.

Tributary to the western centres of lake commerce, such as Chicago and Milwaukee, are vast areas of fertile soils, which stretch to and partly include the valley of the Upper Mississippi. Open prairies, easily brought into cultivation, fitted for the use of agricultural machinery, adapted to the cheap construction of railways, and peculiarly dependent on their use as a means of intercourse and traffic, have been opened to settlers at nominal prices. They have been rapidly filled by a young, intelligent and energetic population, trained in the arts and industries of an older civilization, and applying them to natural advantages which have been found elsewhere, only in conjunction with the social barbarism of an uninhabited wilderness. They are now covered with a net work of railways, which connect myriads of little centres with the lake ports and with the trunk railways, that bring them into practical contiguity to our great Eastern centres of population, capital, commerce and manufactures.

NEW YORK'S LIBERAL POLICY — THE ERIE CANAL TRUST.

New York, without arrogating to itself an undue share in these achievements, may contemplate with proud satisfaction its contribution to results so magnificent. Important as are the advantages which have accrued to itself, it has not sought to monopolise the benefits of its policy. The price of such cereals and other products of agriculture as are exported in considerable quantities, are mainly fixed by the competitions of the foreign markets, even for our own consumption. The cheapening of the cost of transit, therefore, chiefly profits the producer. This consideration illustrates how large and liberal, in the main, is the policy adopted by the State — a policy which I had the satisfaction of advocating in 1846 and 1867 — of

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treating these great works as a trust for the million, and not seeking to make revenue or profit for the sovereign out of the right of way. In consonance with the same policy, was the action of the State in 1851, in permitting the transit free of tolls, upon a railway which it allowed to be constructed between the termini of the Erie canal and along its bank. It had originally undertaken the construction and administration of the canal, in order to create a facile and cheap transportation demanded by the interests of the people, and not otherwise possible to be attained. It did not forget the motive for which it had acted, and remember only its selfish interests as a proprietor. It, therefore, by an act which anticipated the necessity afterward to arise by the construction of rival routes, repealed all restraints on the carriage of property, and opened to free competition every mode of transit, even in rivalry to its own works, for the products of the west and for the manufactures and merchandise of the east.

NOT TO BE ABANDONED.

The Erie Canal remains an important and valuable instrument of transport, not only by its direct services, but by its regulating power in competition with other methods of transportation. The State, so far as we can now foresee, ought to preserve it, and not contemplate its abandonment.

DUTIES OF THE STATE.

If the State accepts the view which commands it to abstain as a proprietor from making profit out of the canal, but to deal with it as a trust, it still has great duties to perform. It is bound, as a faithful trustee, to protect this great work, not only from a spoliation of its revenues and from maladministration, but from empirical changes, proposed in the seductive form of specious improvements that would destroy its usefulness while charging it with new incumbrance; and from an improvident tampering with its incomes that would dissipate its means of effecting real improvements.

These are its ever-recurring and its greatest perils.

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LAKE AND CANAL NAVIGATION CANNOT BE ASSIMILATED.

The 925 miles of lake navigation from Chicago to Buffalo, and the 495 miles of canal and river navigation from Buffalo to New York, and the 3,000 miles of ocean navigation from New York to the Old World, cannot be made homogenous or even assimilated; each is subject to physical conditions which are unchangeable, and to which the vehicle of transportation must be adapted.

LAKE BOATS UNFIT AS CANAL BOATS.

The rough and stormy lakes require a strong vessel, made seaworthy by its deep keel, fully manned, and of a form intended for speed in an unlimited expanse of water. The canal admits of a light keel, and a shape which will carry a larger proportional cargo; for the boat moves safely in a tranquil channel of water, closely confined by physical boundaries on the bottom and sides, and cannot but submit to a slow movement.

The propellor of the lakes tends to grow in dimensions. A recent one carries 70,000 bushels of wheat, or 2,100 tons. A barge to be towed by each propellor is a system now being tried with fair prospects of success.

The lake craft of the average size carries less cargo in proportion to the vessel than the canal boat; and it costs twice and a half or three times as much as the canal boat per ton of capacity.

If the Canal were made large enough to pass the lake craft, the transporter could not afford to use the lake craft on the canal. It carries too little cargo — it is too costly — it would have to reduce its rate of motion from about eight miles per hour on the lake to less than three miles per hour, which is the highest aim of the canal boats, that now make only $1\frac{42}{100}$ miles per hour.

Such a vehicle of transport would not be adapted to the water channel it must move in, and would not be economical. Transhipment at Buffalo, with modern machinery, would cost little, compared with the loss incident to using an unfit and illy adapted instrument.

To enlarge the Erie canal to dimensions adapted to the movement of such a vessel, at the rate of less than three miles per hour, would

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be so inconvenient to the traffic, that it would be easier and cheaper to construct an independent work. That would probably cost a principal sum, the annual interest on which would be greater than the entire amount now received by the carrier for his services, and by the State for its tolls on all the existing business. A shorter route would be likely to be preferred. The Hudson river, from Troy to deep water, would need a similar reconstruction.

ENLARGED LOCKS AND UNENLARGED WATER-WAY.

A project often urged within the last ten years is the enlargement of the locks and other structures of the Erie canal, without a proportionate enlargement of the waterway. That plan exhibits a singular union of injurious costliness and fatal parsimony. It is founded on the fallacy that the use of a large boat, without reference to its adaptation to the waterway in which it is to move, would be economical. It is supported by an estimate of the State Engineer in 1864, that the cost of transportation would be reduced one-half. His opinion has been repeated on all occasions until the present time.

But that estimate, when analyzed, is found to omit all the wages and support of the crew during the return trip, and during the time occupied in loading and unloading, and to allow for the use of the boat about half its real cost. In other respects, it was utterly unworthy of trust.

ECONOMY FROM THE BEST GROUP OF ADAPTATIONS.

The truth is, the boat is but one part of the whole machine of transportation; economy in the service depends upon getting the best adaptation of all the various parts — the boat — the motive power — the canal, with its structures and its waterway; the best group of adaptations which adjustments and compromises of each can work out and combine; and the resultant of the greatest economies which can be obtained in conjunction.

A larger boat, in a waterway which now needs to be itself enlarged and improved to give a good transit to the present boat, would be an unmixed damage to the economy of the service, attained at immense cost.

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PERFECTING THE CANAL THE WISE POLICY.

The Erie canal was planned in view of the best science and experience then possessed. It has excellent adaptations. It is a superior instrument of transportation. It should not be fundamentally changed in its character and conditions without great consideration. It should be perfected, and so made available to every practicable extent, for facilitating and cheapening the exchanges of commodities between the East and the West.

ITS CAPACITY — ITS ECONOMY.

The two questions concerning it are: first, its capacity to do an aggregate business during a given period; secondly, the economy per ton per mile of the transportation it affords. These questions are generally confused in all discussions. They are completely distinct. They depend upon wholly different conditions.

ITS CAPACITY AMPLE.

Capacity to accommodate an aggregate tonnage during a day, a month, or a season of navigation, depends on the number of boats of the normal size which the locks are able to pass during the period. Boats can be multiplied indefinitely. The limit to their use is in the number to which the locks can give transit. The time occupied in a lockage is the test. But it is unnecessary to apply that, for the actual results of experience set at rest every doubt.

Of the seventy-two locks which intervene between the waters of Lake Erie and the waters of the Hudson, all but a few have been doubled for many years. In 1867, when the subject was discussed in the Constitutional Convention, thirteen remained single. For the first time, on the opening of navigation next spring, double locks will be brought into use throughout the entire canal. That will nearly double the capacity of the canal to make lockages. The largest delivery of the Erie Canal at tide-water was in 1862. It amounted to 2,917,094 tons, in cargoes averaging 167 tons. The lockages both ways, and including rafts which pass only one way,— at Alexander's, which is in the throat of the canal, three miles west of Schenectady,—

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was 34,977. In 1873, the deliveries were 2,585,355 tons, in cargoes averaging 213 tons, and the lockages were 24,960.

The theoretical capacity of the canal will be three or four times the largest tonnage it has ever reached. There is no doubt it can conveniently and easily do double the business which has ever existed, even though the locks be not manned and worked with the highest efficiency. The subject of capacity may, therefore, be dismissed from this discussion.

ECONOMY PER TON PER MILE.

The question really worthy of our attention is how we can perfect the canal, so as to reduce the cost per ton per mile of the transportation it affords.

Quickening the movement of the boat increases the service it renders in a given period. It lessens every element in the cost of that service. It enlarges the number of tons carried in the given time, and by enlarging the divisor of the same expenses, it reduces the rate of cost per ton per mile.

TO BE INCREASED BY PERFECTING WATER-WAY.

The economy in the transit of the boat must be made, not in the locks, but in the water-way. The 72 locks in the 345 miles between Buffalo and West Troy, if each takes five minutes, would occupy exactly six hours.

In October, 1873, 76 boats were timed, and their average passage down, with average cargoes of 227 tons, was 10 days, 2 hours and 46 minutes, or nearly 243 hours. If we double the time taken in the locks, the time occupied on the levels between them would still be over 95 per cent of the whole time of the voyage. It is clear, therefore, that the saving of time must be made in the 95 per cent, and not in the five per cent. Economy per ton per mile in the transportation, so far as it depends on the structure of the canal, is to be found in the relation which the water-way bears to the boat.

The movement of the boat through water confined in an artificial channel — narrow and shallow — is, at best, very slow. The engineers, in 1835, planned the Erie Canal and the boat with such relations

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to each other as to give the greatest economy of power and facility of transit. The boat has inclined to grow rather large and too square. The water-way was practically never excavated in every part to its proper dimensions. Time, the action of the elements, and neglect of administration, all tend to fill it by deposits. I may be excused for repeating here what I said in the Constitutional Convention eight years ago:

"What the Erie Canal wants is more water in the prism — more water in the water-way. A great deal of it is not much more than six feet, and boats drag along over a little skim of water; whereas it ought to have a body of water larger and deeper even than was intended in the original project. Bring it up to seven feet — honest seven feet — and on all the levels, wherever you can, bottom it out; throw the excavation upon the banks; increase that seven feet toward eight feet, as you can do so, progressively and economically. You may also take out the bench-walls."

RECOMMENDATIONS.

I recommend that such measures be taken as your wisdom, aided by such information as can be had from the proper administrative officers, may devise, to put in good condition and to improve the water-way of the Erie Canal; and that provision be made by law to enable the State Engineer, soon after navigation is opened, to measure the depth of water in the canal by cross-sections as often as every four rods of its length, and on the upper and lower mitre-sill of each lock.

FUTURE INVENTIONS AND ECONOMIES.

Such a policy, if properly executed, will give a better and more economical transit to the boats, if they continue to be towed by horses. It will also facilitate the use of steam canal boats, and the full realization of the advantages they may be expected to give as to economy of transportation. The obstacle to their use in 1867 was that the machinery, in its then state, displaced too much cargo to be economical, and was, in other respects, imperfect. The progress of invention since seems to promise more beneficial results. If the movement of

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the boat can be expedited from 1 $\frac{1}{4}$ miles to 3 miles per hour, including the time consumed in the lockages, the improvement will be of great importance and value. The estimate of the able engineer of the Commission on Steam Canal Navigation, is that the cost of carriage of a bushel of wheat from Buffalo to New York will be reduced from eight cents to four cents. It is not to be supposed that the inventive genius applied to this interesting subject is exhausted, and if these results shall, in any degree, fail to be realized by the present experiments, we may, nevertheless, anticipate more complete success in the future.

INCOME AND OUTGO.

It will be seen that on the Erie canal alone the surplus of income over expenditures is about 37$\frac{1}{2}$ per cent of the gross income. If the three other canals which are to be retained by the State as part of the system be included, the surplus is but 11 $\frac{5}{8}$ per cent.

TOLLS.

The present tolls on wheat are 3 $\frac{1}{10}$ cents, and on corn 3 cents per bushel, from Buffalo to Troy — 345 miles. They were reduced in 1870 — those on wheat from 6 $\frac{2}{100}$, or one-half; and those on corn from 4 $\frac{33}{100}$ to 3 cents, or about 38 per cent.

One cent per bushel taken off the present tolls, and the same proportion on other articles, would annihilate nearly all the net income of the Erie canal, considered alone, and would make a deficiency, in respect to the four canals retained, of half a million of dollars a year, if future expenditure should be the same as in these three years.

The construction of the details of the toll sheet belongs to the Canal Board, and adjustments from time to time may be necessary. Doubtless suggestions on that subject will always receive due consideration. But in the present condition of things to embark hastily and unadvisedly upon a general reduction of tolls might well be considered as improvident, even in respect to the canals themselves. To confiscate the surplus of one cent, or half a cent per bushel, which alone gives the means of making the improvements expected to realize a reduction of four cents in the cost of transportation, would not

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seem a wise execution of the trust, even disregarding other considerations which cannot be wholly overlooked.

NO RASH INNOVATIONS.

The question of altering the gates of the locks, or otherwise lengthening the chambers, may be safely deferred until we can be more sure of its utility. The fact that, on the Delaware and Raritan Canal, which admits of long boats, the proportions which exist in those now used on the Erie canal are preferred, is against that alteration, as is also the judgment of excellent canal engineers. Holding ourselves ready to accept improvements which have been subjected to trial and scrutiny, until they are practically assured of success, we ought to exercise the same caution, in respect to rash or crude innovations, which ordinarily governs men in private business.

FINANCIAL RESULTS OF THE LAST THREE YEARS.

The financial results of the fiscal years ending September 30, 1874, 1873 and 1872, for the Erie canal, and for the Champlain, the Oswego, and the Cayuga and Seneca, are as follows:

ERIE.

Year end'g Sept. 30.	Income.	Ordinary repairs.	Extraordinary repairs.	Total expenditure.
1872.	$2,760,147 50	$1,025,079 09	$661,942 02	$1,687,021 11
1873.	2,710,601 49	749,977 03	967,175 39	1,717,152 42
1874.	2,672,787 22	701,340 81	973,548 96	1,674,889 77
	$8,143,536 21			$5,079,063 30
Income in excess of disbursements				$3,064,472 91
Average for each year				1,021,490 97

CHAMPLAIN.

1872..	$150,644 28	$236,211 47	$251,871 61	$488,083 08
1873..	153,417 86	234,677 37	562,782 95	797,460 32
1874..	123,703 54	203,137 90	242,216 43	445,354 33
	$427,765 68			$1,730,897 73

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Excess of expenditure over income.....	$1,303,132 05
Average for each year.....	434,377 35

OSWEGO.

Year end'g Sept. 30.	Income.	Ordinary repairs.	Extraordinary repairs.	Total expenditure.
1872..	$90,796 57	$171,794 82	$141,673 94	$313,468 76
1873..	88,428 13	93,938 80	78,880 58	172,819 39
1874..	70,119 59	107,938 21	75,561 29	183,499 50
	$249,344 29			$669,787 65

Excess of expenditure over income.....	$420,443 36
Average for each year.....	140,164 45

CAYUGA AND SENECA.

1872..	$17,882 58	$38,267 23	$26,319 00	$64,586 23
1873..	22,481 11	27,143 48	6,921 06	34,064 54
1874..	19,311 47	28,934 08	28,517 04	57,451 12
	$59,675 16			$156,101 89

Excess of expenditure over income.....	$96,426 73
Average for each year	32,142 42

RECAPITULATION FOR THREE YEARS.

Income over Expenditure.

Erie		$3,064,472 91
Excess of Expenditure over Income.		
Champlain.....	$1,303,132 05	
Oswego	420,443 36	
Cayuga and Seneca	96,426 73	
		1,820,002 14
		$1,244,470 77
Each year.....		414,823 59

THE PAYING CANALS.

It will be seen that during the last three years the income of the Erie canal considered alone, has been $8,143,536.21, and its expenses $5,079,063.30, yielding a surplus of $3,064,472.91, or an average for

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each year of $1,021,490.97. The excess of expenditure over income of the three other canals which are to be retained by the State has been $1,820,002.14, or three-fifths of the surplus produced by the Erie. Considering the four as a system collectively, the surplus has been $1,244,470.77, or an average for each year of $414,823.59.

THE NON-PAYING CANALS.

During the same three years the five other canals, to which the constitutional amendment applies, have given an income of $119,864,45, or for each year of $39,954.81, against an expenditure of $1,596,499.74, or for each year of $532,166.59. They have consumed all the net income of the paying canals and have charged the State with a loss of $232,164.52, or for each year, $77,388.17. In addition to this annual loss, the whole burden of the sinking fund to pay the Canal debt is thrown upon the State.

INCREASE INCOME BEFORE DISCARDING INCOME.

A careful investigation whether the net incomes of the canals retained cannot be increased, ought to precede a surrender of what little now exist. Ordinary repairs should be scrutinized with a view to retrenching their cost, and to obtaining the largest possible results from the outlay. Extraordinary repairs include much which so regularly recurs in different forms, that they must be considered a part of the maintenance of the works. No doubt they also include improvements which are of the nature of new capital. These and all improvements should be governed by a plan and purpose, leading to definite results; and, instead of scattering expenditures on imperfect constructions, should aim to complete and make available the specific parts undertaken. Unity of administration and of system, both in respect to repairs and improvements, should be established, even if only by the voluntary consultation and co-operation of officers having authority over separate portions of a single work. It is worthy of consideration, whether any legislation can aid in securing the unity in this respect, which existed under our former Constitution.

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NEW YORK THE TRUSTEE FOR THE INTERESTS OF ALL.

The State, hearing all parties interested in the use of the Canals, will remember that itself, as an arbiter and trustee, must look equitably to the interests of all. This it will do in a wise, liberal and just spirit. To the last degree possible, it will cheapen facilities to trade. It will aim to preserve for its metropolis its position as the carrier, merchant and banker of the New World.

CHIEF FUNCTION OF THE CANAL SYSTEM — NEW YORK CITY.

Inevitable changes must be recognized as the results of modern inventions and improvements in the machinery of transportation. When water routes alone existed, products came to New York for distribution to points which are now more easily and cheaply reached directly by rail. Railroads covering the country like a net work touch so many points that they are a more perfect and complete agency for the reception and distribution of produce, than a water communication connecting a few principal poin ; and where the transit from the producer to the consumer requires the use of the rail to reach the water, or after leaving the water, or both, the all rail route will often be preferred. New routes will acquire the business which is naturally tributary to them, and take besides some portion of the general business. The main transportation of Western agricultural products is for local consumption in the East. What comes to us for our own consumption cannot be diverted. What goes for consumption elsewhere cannot be acquired. The exports of agricultural products to foreign countries are but a small part of the whole production. In those, New York will easily continue to maintain her pre-eminence.

The Champlain and Oswego canals are, as well as the Erie, in some sense, trunk canals; and the Cayuga and Seneca canal connects our interior lakes. It is a noteworthy fact that Mr. Flagg, who so long and honorably conducted the State finances when the Canal Department was a bureau in his office, always insisted that with the four canals now to be retained the system was complete. Those it is now proposed to abandon are not fruits of his policy.

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DISPOSITION OF THE NON-PAYING CANALS.

The adoption of the constitutional amendment removing the prohibition against "selling, leasing, or otherwise disposing of" the canals owned by the State, in respect to all except the Erie, the Oswego, the Champlain and the Cayuga and Seneca canals, undoubtedly contemplate such action on your part as will disencumber the revenues of the canals retained by the State, and disembarrass the treasury of the State from the unproductive works in respect to which the prohibition is withdrawn. It cannot have been supposed possible to "sell or lease" those works, on conditions which require the purchaser to maintain and operate them. To "otherwise dispose of" them amounts to a practical abandonment.

USE AS FEEDERS.

Even to deal with them thus involves many important questions of a business character. Those portions of them which descend toward the Erie canal act as feeders to supply water to that canal. The supply cannot be safely diminished, and might be judiciously increased. The improvement of the water-way contemplated will call for more water. The consideration of what must be done to retain as feeders, portions of these canals not hereafter to be maintained by the State for navigation, or what other provision for a supply of water shall be substituted, is important. To make the change contemplated by the amendment, with as little harm as possible to private interests, and to consider and provide for cases of possible damage which may be caused by the works when falling into disuse, needs careful study of the facts of the situation. It is also to be ascertained what portion, if any, of the property of the State connected with these works can be wisely sold.

A SPECIAL COMMISSION RECOMMENDED.

The best suggestion which occurs to me on this subject, is to impose the duty of considering and reporting on these questions upon a special commission consisting of four persons. In the meantime,

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no expenditures should be made upon those works, which are not strictly necessary in view of their probable future.

THE INTEREST OF NEW YORK IN THE FINANCIAL POLICY OF THE UNITED STATES.

The State of New York receives nearly seven-tenths of all the imports, and sends abroad nearly half of all the exports of the whole United States. In its commercial metropolis, a much larger share of our dealings with foreign nations in securities and money is transacted, and, as at a common mart, the exchanges are largely made between the people of the United States in domestic manufactures and products, and in public and corporate securities and stocks. More than one-half of the revenues of the Federal Government are collected within its borders; and at least one-fifth of all Federal taxation falls upon its citizens.

Since the Federal Government has assumed to provide a currency for the whole country, directly by the issue of its own notes, or indirectly by bank notes, which are secured upon bonds of the United States, and in case of default by the issuer, are to be paid, before resorting to the securities, by the United States; since it has incidentally absorbed the regulation of the business of banking; since it has largely increased its taxation, and imposes that taxation in forms which affect the courses of industry and the application of capital and labor, it is impossible to exclude these vast operations, and the administrative policy and the legislation connected with them, from a review of "the condition of the State," which it is the constitutional duty of the Governor to communicate with such recommendations "as he shall judge expedient," "to the Legislature at every session."

CAN MORE CURRENCY REVIVE PROSPERITY.

The illusion is too common that an additional issue of currency in legal tenders or bank notes, would alleviate the distress now felt in business, cause a general rise of prices, and revive a seeming, if not a real, prosperity. Thus many are tempted to desire or to acquiesce in a demand upon the Federal Government to put out new promises

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to pay, while it is yet in a long-continued default as to those heretofore made; and to do so after ten years of peace, while having no better excuse for its present default, than lack of skill in applying its abundant resources to the restoration of the public faith.

The hope of benefits to any class from such an unsound policy, would prove to be completely fallacious. It would prolong and intensify the evils sought to be alleviated. This conclusion is clear upon principle, and in our own experience. In order distinctly to see its truth, it is only necessary to analyze that function in the business of society, which is performed by the circulatory credits known as currency.

CURRENCY BUT A PART OF CIRCULATING CREDITS.

To economize the use of metallic money, which had become the common instrument of exchange, personal credit, in the form of book accounts, was introduced. For example, the farmer delivered to the country merchant his grain when ready for the market, and the merchant delivered his goods at the times when they were wanted by the farmer for consumption; each delivery was entered in a running account, until a balance was struck, and even then the settlement generally took place without the intervention of money, which neither party had the capital to own for each transaction, or to pay the ultimate balance. Next came the note of hand, and, when the transaction was between parties doing business at different places, drafts and bills of exchange. At last the most refined tool of commerce became perfected. The bank note, promising to pay coin on demand, to bearer, in an even and convenient amount, engraved and authenticated — when issued by an institution or individual of established general credit — was voluntarily accepted by everybody in place of coin. It is the currency used in payment by those who do not keep bank accounts, and, in petty transactions, by those who do keep bank accounts. A credit inscribed on the books of the bank, known in the language of commerce as a deposit, and transferred by check, is the preferred medium of payment, in all save petty transactions, by those who keep bank accounts. It is preferred because a check may represent a large and uneven amount, which in notes would be incon-

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venient in the counting, handling and custody; and a check payable to order is safer, and is itself an evidence of the payment. In dense communities, where the bank is near the customers, checks are mostly used. In sparse communities, where the bank is remote from the dealers and holders, bank notes are mostly used.

These two tools of trade and mediums of payment are, in their general functions, perfectly identical.

BANK NOTES AND CHECKS THE SAME IN EFFECT AND NATURE.

Their real nature is, that they are a provision for expected payments, and a reserve for possible payments. On deposits, the holder submits to a partial or total loss of interest, for some banks allow interest, at low rates, on deposits; on bank notes, the holder submits to a total loss of interest. To each holder the motive is ever present, to reduce his non-interest bearing reserve to the lowest necessary amount, by investing it, if it be his own, or by returning it, if it be borrowed.

THEIR AMOUNT VARIED BY PEOPLE'S WANTS, IF PAYABLE IN COIN.

If the currency be redeemable, the wants of the community, and not the wishes of the banks, will determine the amount which will remain outstanding. All that government ought to do toward fixing that amount, is to provide methods to enforce payment by the issuers of such notes as the holders not wishing to use return to the issuers for redemption.

AMOUNT FLUCTUATES WITH THE TIMES.

It is true that, in times of speculation, the currency increases. Transactions become more numerous. Higher prices cause the same transactions to absorb more of the medium of payment. There is greater disposition to provide for contemplated or possible operations. There is less care to economize the loss of interest on the amount kept on hand. In times of depression all these conditions are reversed. During the long period of downward tendencies, from 1837 to 1842, the currency fell, of itself, to about one-half its amount at the beginning of the period.

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THE RELATION OF CURRENCY TO PRICES.

In the ordinary and regular relations between a redeemable currency and prices, the fluctuations in the currency follow, instead of preceding, changes in general prices. The notes in the hands of the public, less the reserve kept for their redemption, form a part of the loan fund of a bank, but that amount is not capable of being increased at the will of the bank, until a speculation has arisen, and higher prices or more transactions have resulted.

Even then, the increase of currency merely provides for the prior increase of prices or of transactions. It may be said, that the increase of currency is a condition without which the increase of prices or transactions could not happen, but that is not true, unless it be shown that no other tool of credit than bank notes could be used.

In cases where a bank originates a speculation by enlarging its loans, it must do so at the expense of its customary reserve.

It is only artificial changes in the currency — generally made by government — that the currency itself becomes the primal source of speculation. In fact, it nearly always happens that speculative purchases are originally made on personal credit, evidenced by open accounts or notes of hand. The banks are applied to only at the expiration of the original credit; and then what is wanted is not a continued use of bank notes, but a loan of capital. Bank notes are one of the wheels in the machinery of credit. They have no quality peculiar in its action on prices, or different in its action on prices, from any other part of the machinery of credit. The currency, at its present amount of bank notes and legal tenders, is less than the deposits, and is but a small fraction of the whole existing mass of credits, including book accounts, notes of hand, drafts and bills of exchange. And new forms of credit machinery are capable of being invented indefinitely as when, in September, 1873, the New York Associated Banks created a currency of twenty millions of certificates, to be used in the exchanges between themselves.

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BUT CURRENCY ONLY SMALL PART OF CIRCULATORY CREDITS.

It is idle to pronounce the machinery of credit a maniac, dangerous to the community, and then to put only its little finger in a straight-jacket.

EXPERIENCE OF ENGLAND.

The experiment of regulating the note circulation only has been completely tried in Great Britain. In 1844, when, on the re-charter of the Bank of England, the bank note circulation of that country was subjected to rules which were supposed to make it fluctuate exactly as if it were coin, it was thought by all but a few great thinkers, that there would ever after be stability of prices and stability of business. But in 1847, in 1857, and in 1866, commercial revolutions of undiminished severity demonstrated the fallacy of these hopes, and of the system on which they were founded. While the note circulation has ever since been confined by law to a nearly constant amount, the deposit circulation has increased many fold. The vicissitudes of credit are as violent as ever. It is apparent that whenever a foreign demand for coin arises, not caused by domestic overtrading, the system creates an artificial scarcity of an important instrument of commerce, and subjects all business to an unnecessary perturbation; that, whenever a panic destroys the credit of inferior dealers, and the interposition of the highest credit is called for to supply the vacuum and revive confidence, the system breaks down — the law limiting the issues of bank notes is suspended with the approval of the Ministry, and with a promise to appeal to Parliament for an act of indemnity.

WHY AND HOW INCONVERTIBLE CURRENCY DEPRECIATES.

The depreciation of a currency, not convertible into coin, represents the interest and risk, as estimated by the judgment of investors, on a loan payable at the will of the government, without interest — subject to such temporary fluctuations, as are induced by the variations in the supply and demand of coin in which that loan is ultimately payable.

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THUS INFLATING PRICES.

There is no doubt that the issue of legal tenders during the civil war hastened and greatly increased that inflation of prices, which naturally resulted from the increased consumption and the waste caused by military operations, and from the diminished production occasioned by so large a withdrawal of workers from their ordinary industries.

It is the nature of credit to be voluntary. It is founded on confidence. Credit, on compulsion, is a solecism. So that a forced loan of capital from all existing private creditors cannot but be costly.

LEGAL-TENDER FINANCING.

It was made, in this instance, on a security which bore no interest, and interest on which could only be represented in discount from its par value. It gave to the lender an agreement to pay, which, being instantly due on demand, started in its career a broken and dishonored promise. Every successive holder was left to conjecture when it would be redeemed by the issuer — how far it might be absorbed in the Treasury receipts — whether it could still be paid out to some private creditor — at what loss it could be passed away in new purchases, on a market advancing rapidly and irregularly. Everybody was advised that the Federal Government — unwisely distrusting the intelligence and patriotism of the people — shrank from exercising its borrowing power, supplemented by its taxing power; that, instead of resorting at once to the whole capital of the country capable of being loaned, which forms a vast fund, perhaps thirty or forty times as large as the then existing currency, it chose to begin by debasing that comparatively insignificant part of circulating credits, creating fictitious prices for the commodities and services for which it was next to exchange its bonds, in an expenditure ten times as large as the whole amount of the legal tenders it ventured to put afloat. No man could know how often or how much of legal tenders might be issued, under possible exigencies of the future. It could not be wholly forgotten that such issues, made by our ancestors to sustain the victorious war for national independence,

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were never redeemed, while the public loans made for the same purposes were all paid. It was remembered that history affords other warning examples to the same effect. These elements of distrust were needlessly invoked. But the system stopped short of the logical completeness of the expedients of the French Convention in 1793. While it compelled the existing private creditor, or any body who should grant a new credit, to accept payment in legal tenders, it did not assume to regulate the prices of commodities. The seller, therefore, gradually learned to represent the depreciation of the currency in the price of the article he exchanged for it. As compared with gold, the currency, during all the last year of the war, was depreciated to between forty and fifty cents on the dollar, touching at its lowest point thirty-five cents on the dollar.

HOW IT RAISED PRICES BY PROVOKING SPECULATION.

It was not alone by the direct effect of the depreciation of the currency that prices were acted upon; speculation was engendered. Political economy takes little account of the emotional and imaginative nature of man. In long periods, with numerous instances, the average, deduced as a law, may perhaps discard that element. But in a particular instance, or at a particular time, it is often very potent, and must be estimated in any calculation which aims at accuracy.

After a period of rest — when the disposition to activity begins to revive — a slight circumstance often excites a speculation that becomes general. The opening of a new market, an apprehended deficiency in the supply of a commodity, any one of a thousand circumstances, may, in a certain state of the public mind, be a spark to kindle a blaze of speculation throughout the commercial world. How much more, then, might it have been expected that such a governmental policy would inspire and inflame the spirit of speculation? The effect was greatest during the process of a new issue of currency, or while it was anticipated. After the issue was completed, there was generally a subsidence, or a reaction.

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AND NEEDLESSLY DOUBLED THE BURDEN OF THE WAR.

The government consumption during the war was mostly of our domestic products. As soon as the channels of traffic could be adapted to the new points of consumption, and the new classes of consumers, there was no more difficulty in the transfer of these products from producers to consumers than in the ordinary operations of commerce during peace.

Governments, in times of public danger, cannot be expected always to adhere to the maxims of economical science; the few, who would firmly trust to the wisest policy, will be often overborne by the advocates of popular expedients dictated by general alarm. If the Federal government had paid out treasury notes, not made a legal tender, in its own transactions whenever it was convenient, and redeemed them by the proceeds of loans and taxes on their presentation at a central point of commerce, and meanwhile had borrowed at the market rates for its bonds, secured by ample sinking funds, founded on taxation, and had supplemented such loans by all necessary taxes, the sacrifices would not have been half that required by the false system adopted, perhaps the cost of the war would not have been half what it became.

This analysis of the process, by which the changes in the currency operated to produce the effect on prices witnessed by the people, is necessary, in order to intelligently discuss the problem now pressed upon us. For the fallacy lurks in many minds, that the quantity of the currency, even when it has become stationary and quiescent, creates by its direct action, a state of prices proportionate to that in quantity.

RELATION OF THE QUANTITY OF CURRENCY TO THE RANGE OF PRICES.

But this fallacy is confuted by our own experience. The premium on gold fell from 185 in July, 1864, to 29 in May, 1865; or rather the currency rose from 35 cents to 77 cents in gold value, while the amount of the currency remained undiminished. The quantity of the currency in the hands of the public — taking the aggregate of the legal tenders and the bank notes, and excluding all of both

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which are held by the Treasury or by the banks — is now larger than at any former period. The existence of such a quantity has not arrested the tendency to a general fall of prices. The present inconveniences in business, which it is proposed to remedy by a new issue of currency, have originated and gone on to their maturity, while the currency was being distended to its greatest volume.

EXCESS OF CURRENCY, YET FALLING PRICES.

An excess beyond what is capable of being used for the business of society is now, for the first time, distinctly indicated. The movement of the crops in the last autumn —which requires something like one-tenth addition to the ordinary amount — created no stringency. The banks have voluntarily withdrawn some millions of their circulation. It is probable that the amount capable of being absorbed by the business of the country will continue to fall for a long period.

WHEN INFLATION CANNOT INFLATE.

In such a condition of business, of credit, and of the public temper, a new issue of currency would not cause a rise of prices, unless it were so excessive as to occasion speculative depreciation, or distrust of ultimate redemption. It could not re-animate the dead corpse of exhausted speculation. A period of quiescence must ordinarily precede a renewal of the spirit of adventurous enterprise.

DISTRESS FROM FALLING VALUES AND LACKING CAPITAL.

The distress now felt is incident to the continued fall of values, which is the descending part of the cycle through which they must pass after being forced up to an unnatural elevation. The want felt is a want of capital which the party does not own, and has not the credit to borrow; not a lack of currency. It is caused by investments in enterprises which have turned out to be wholly or partially bad, or which give slower returns than were anticipated — by too much conversion of circulating capital in fixed capital — by excessive undertakings or engagements, induced by a reliance on a credit that was transient. In a period of falling prices, good property

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becomes less convertible. It loses its circulatory quality. It almost ceases to be a resource to obtain money.

HOW DISTRESS CANNOT BE CURED.

These inconveniences would not be removed, if the government should put out legal tenders and take in a corresponding amount of bonds, or if a bank should deposit bonds, and receive notes in exchange. Still the individual distressed for the want of capital would have no additional means to buy or borrow these new issues, which the new owner would obtain only by paying for them. A diminution of the government bonds outstanding, is a condition of the increase of legal tenders or bank notes. If an embarrassed person could obtain the government bonds surrendered or deposited, he would be as much relieved by his power to dispose of them, as he would by a power to dispose of the legal tenders or bank notes. His difficulty is that he is equally unable to obtain either. He has not the means to buy, or the credit to borrow, them. What he wants is something to make his bad investments good — his slow investments current; something to make his property convertible — to impart to it a circulating quality, as when there is a general rise of values under a speculative excitement, and everybody is disposed to buy, and every thing finds a ready market.

INCREASE OF CURRENCY CANNOT CURE DISTRESS.

He wants something to create in others a disposition to buy, in order that he may be able to sell. This is what, in the present state of things, an increase of the currency will not do. It would not act mechanically on prices. It does not operate by physical means. It simply influences the minds of men. It induces them to buy, and, in the effort to do so, they bid up prices. It is only when the minds of men are disposed to receive an impulse toward buying, that such an effect is produced. When speculators go into the market to influence others to buy, in order that they may sell, the conference usually ends in a fall. Even when speculators go into the market to sell on an event expected to cause a rise, the result is commonly a fall. Everybody cannot get out at once, at the expense of others.

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CHANGING FORMS AND VARYING VOLUME OF CIRCULATORY CREDITS.

The amount of currency required by the needs of business is not to be decided by former experience. There is no doubt that, on the first issue of legal tenders, they were largely substituted for other forms of credit. A single case will illustrate: The sudden rise in prices enabled the farmer to become the owner of the floating capital, on which his next year's dealings with the country merchants were to be carried on. The habits of business change to adapt themselves to new conditions. It is possible that the government might cautiously follow the tendencies of trade, and retire each clearly ascertained surplus without doing any harm. But a withdrawal of any considerable portion of the amount required at the season of the year which creates the large demand, would produce serious and unnecessary distress. The adoption of a system which should threaten such a result would be very mischievous. The Federal Government is bound to redeem every portion of its issues which the public do not wish to use. Having assumed to monopolize the supply of currency and enacted exclusions against everybody else, it is bound to furnish all which the wants of business require. The case is, as if the government should undertake to monopolize the supply of lake propellers or canal boats to bring grain to market. If it should not furnish enough, the derangement of business and the distress of producers and consumers would be intolerable. While securing redemption, the government should organize a system which passively allows the volume of circulating credits to ebb and flow, according to the ever-changing wants of business. It should imitate, as closely as possible, the natural laws of trade which it has superceded by artificial contrivances.

EASY CONDITIONS OF RESUMING SPECIE PAYMENTS.

The ability of the Federal Government to resume specie payments, is thus simply a question of its command of resources to pay such portions of the circulating credits it has issued, as the public not wishing to use, may return upon it for redemption. The

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amount to be paid cannot be considered large, in comparison with its financial operations. It has the taxing power, and by reducing its expenditure could accumulate an adequate surplus. It has the borrowing power and good credit. It can make permanent loans and pay the treasury notes which are returned for redemption. It can convert them or fund them into interest-bearing securities. In that case, they would cease to be currency, and would take their place among investments like national, state, municipal, railroad, or other corporate bonds, or any of the numerous forms of moneyed securities, of which many thousand millions are held in our country. The circulatory quality, in securities of equal general credit, is chiefly a question of the rate of interest they bear.

The amount of coin necessary for resumption is, *first* an adequate reserve to meet the demand for exportation, for which the treasury would become the universal reservoir; and *second*, a surplus sufficient fully to assure the people that the treasury supply would not be exhausted. The power to command coin as the owner of foreign bills of exchange, or in other forms, would, to a large extent, be equivalent to possessing coin. Beyond such an amount of coin, the question is simply a question of capital.

The exact time of actual resumption, the process, the specific measures, the discreet preparations — these are business questions to be dealt with, in view of the state of trade and of credit operations in our own country, the course of foreign commerce and the condition of the exchanges with other nations, the currents of the precious metals, and the stocks from which a supply would flow without undue disturbance of the markets of other countries. These are matters of detail, to be studied on the facts and figures. They belong to the domain of practical administrative statesmanship.

RESUMPTION LESS COSTLY THAN PRESENT IMPOLICY.

It is quite clear that the problem ought to be worked out, without costing the country any thing like such disturbance in its business and industries as the operations of the Federal Government during the last ten years have repeatedly created. The

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natural causes which affect trade may be foreseen, and all dealers can calculate them with equal advantages in every thing, except their own differences in intelligence and judgment. But the action of an official conducting the largest financial operations in the country, and exercising dominion over the circulatory credits that are part of the machinery by which the mass of private transactions are carried on, cannot but tend to create in all industries, uncertainty, confusion and miscalculation.

HOW PRESENT IMPOLICY HARASSES ALL BUSINESS MEN.

It was said, after the revulsion of 1837, that the barometer of the money market of America hung up in the parlor of the Bank of England. The barometer which hangs up in the Treasury Department at Washington, does not merely indicate conditions and changes of the financial atmosphere; it creates them. Its stormy vicissitudes harass the business of the whole country.

The partial cessation of productive industries and the partial want of employment which now exists, are chiefly produced by the fear of the employers that if they carry on their works, they may produce at a loss. The abstinence from purchase by all those classes of dealers, who buy and get up stocks to provide for future consumption, is chiefly caused by the fear of a further decline of prices. Under these apprehensions, the demand is much less than the ordinary consumption. The instant manufacturers or merchants are convinced that prices have reached the bottom, even for the period of an ordinary business operation, they will begin to resume their function in the economy of trade. The wheels of our complex industries will move, workmen will find employment, and, with revived confidence in the future, prosperity will be renewed in its sources. Nothing could be more unwise, more mischievous in its ultimate results, than to interrupt the healing process of nature, by expedients which will fail of affording any real relief, and will be certain to accumulate new materials for another catastrophe.

It has seemed to me fit that, on this occasion, the opinions of the great Commonwealth we represent, which is so largely interested

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in these questions, should be declared on the side of sound finance, public integrity and national honor; and, in making this communication the medium of an authentic expression on the subject, I follow the example, on similar occasions, of several of the most illustrious of my predecessors.

RESULTS DURING TEN YEARS OF PEACE.

It is now almost ten years since the civil war ceased. That period ought to have sufficed to renew our productive industries, to repair the waste of our accumulated capital, and to restore to our people a sound and durable prosperity. But an indispensable condition of such results was energy, skill and economy in production, and frugality in public and private consumption.

MISUSED POWERS OF FEDERAL GOVERNMENT.

The Federal Government has all the while been the greatest single power in the country to influence results, not only by its own vast fiscal operations, its dominion over the currency and the business of banking, and the effect of its transactions on investments of capital, and on the temporary conditions of the money market, but by the ascendancy it acquired during a period of public danger over public opinion and over the conduct of individuals. It is to be deplored that this great capacity for controlling action and for leadership has not conducted us to better results.

The period has been characterized by unsound public finance, an uncertain policy in respect to the currency, a series of speculative excitements tending to unproductive enterprises and unremunerative investments of capital, and terminating in distressing reactions in credit and business; a want of efficiency and economy in production, extravagance in public and private expenditure, enormous taxation and complicated systems of revenue — which have increased the cost and wasted the fruits of that taxation and rendered capital and labor less productive — and frequent spoliation of private and public trusts.

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GOVERNMENTS TOO COSTLY.

In the decade beginning July 1, 1865, the people will have paid in taxes, computed in currency, seven thousand millions of dollars. Three-fifths were for the use of the Federal Government, and two-fifths for the State and municipal governments. It is doubtless true that some portions of the municipal expenditures were for objects not strictly governmental. But it cannot be questioned that much too large a portion of the whole net earnings of industry, and of the whole net income of society, is taken for the purpose of carrying on government in this country. The burden could more easily be borne when values were high, and were ascending. As they recede toward their former level, the taxes consume a larger quantity of the products which have to be sold in order to pay them. They weigh with a constantly increasing severity upon all business and upon all classes. They shrivel up more and more the earnings of labor. This condition of things ought to admonish us, in our respective spheres, to be as abstinent as possible in appropriations for public expenditures. If the cost of government in our country were reduced, as it ought to be, one-third, it would still be larger than a few years ago, taking account of the prices of the products, which, in order to pay that cost, we are compelled to convert into money.

TAXATION TOO BURDENSOME — THE PROSTRATION OF THE SOUTH.

The people are less able to bear such taxation by reason of the want of efficiency and economy in production, and the want of frugality in consumption, generated by the causes already indicated, and also by reason of the failure to completely renew the productive energies and activities of the States of the South, which furnish about half of the exportable commodities of the country, other than specie; which are large consumers of our manufactures and productions, and which make us their carriers, merchants and bankers in all their domestic and foreign transactions.

It has been proudly ascribed to the humanity of our age that, since the surrender at Appomatox, not one life has been sacrificed

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to the policy of the victorious government. It is to be wished that we were equally free from the criticisms that the retribution visited upon our former adversaries merely conforms to the higher modern estimate of property, as compared with life; that exercising a moral coercion, invigorated by a standing menace of military force, we have held those communities bound in withes, to be plundered by rulers destitute of support in their public opinion, and without title to our own respect or trust.

FINAL ACCEPTANCE OF AMENDMENTS TO FEDERAL CONSTITUTION.

Such has been our course, after and in spite of the fact that these our kindred, in a common ancestry, a common heritage and a common future, had joined at national conventions in the nomination of candidates and in the declaration of principles and purposes, which form an authentic acceptance of the results of the war, embodied in the last three amendments to the organic law of the Federal Union, and that they had by the suffrages of all their voters, at the last national election, completed the proof that now they only seek to share with us and to maintain the common rights of American local self-government, in a fraternal union, under the old flag with "one Constitution and one destiny."

There should be no misunderstanding as to this position of our Southern brethren, or of any portion of our fellow-citizens. The questions settled by the war are never to be re-opened.

The adoption of the XIVth, XVth and XVIth amendmendments to the Federal Constitution closed one great era in our politics. It marked the end forever of the system of human slavery, and of the struggles that grew out of that system. These amendments have been conclusively adopted, and they have been accepted in good faith by all political organizations, and the people of all sections. They close the chapter, they are and must be final; all parties hereafter must accept and stand upon them, and henceforth our politics are to turn upon questions of the present and the future, not upon those of the settled and final Past.

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THE PEOPLE MUST AGAIN ATTEND TO PUBLIC AFFAIRS.

The nobler motives of humanity concur with our interests in making us hail, with heartfelt congratulations, a real and durable peace, between populations unnaturally estranged. The time is ripe to discard all memories of buried strifes, except as a warning against their renewal; to join altogether to build anew the solid foundations of American self-government. For nearly a generation, the controversies, which led to fratricidal conflict, have drawn away the attention of the people from the questions of administration, which involve every interest and duty of good government. The culture, the training and the practice of our people in the ordinary conduct of public affairs, have been falling into disuse. Meanwhile the primitive simplicity of institutions and of society, in which government was little felt, and could be neglected with comparative impunity, has been passing away. If public necessities must wring so much from the earnings of individuals, taxation must become scientific. In our new condition all the problems of administration have become more difficult. They call for more intellect and more knowledge of the experience of other countries. They need to become the engrossing theme of the public thought in the discussions of the press and in the competition of parties, which is the process of free institutions. The people must once more give their minds to questions that concern the ordinary conduct of government, if they would have our country to start afresh in a career of prosperty and renown.

SAMUEL J. TILDEN.

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APPENDIX.

BANKS.

On the first day of October last, eighty-one banks were doing business under the laws of this State. During the fiscal year then ended, five banks were organized, and four were closed, one of which failed. Of the five banks created, three were organized with less than one hundred thousand dollars of capital each, under chapter 126 of the Laws of 1874.

Circulating notes to the amount of $6,368, were destroyed by the Bank Department during the year. Sixty-seven banks were credited with lost circulation, to the amount, in all, of $285,559 the time for redeeming the same, after the usual legal notice, having expired. The amount of circulation outstanding, including that of incorporated banks, banking associations, and individual bankers, was, on the first day of October last, $1,105,189.50. Of this amount, the sum of $367,438 was secured by deposits of cash, stocks, or bonds and mortgages. The residue, $737,751.50 is not secured, it having been issued prior to the passage of the general banking law. Steps have been taken by twelve banks for the fiscal redemption of $160,-301 of these unsecured notes, in accordance with the provisions of chapter 585 of the laws of 1873.

SAVINGS BANKS.

One hundred and fifty-six savings banks (two of which were closing), reported to the Bank Department on the first day of July last. Their assets, in the aggregate, amounted to $316,122,790, having increased during the year then ended $1,367,020. The increase in assets during the first six months of 1874 was $8,553,060. The number of persons having deposits in these institutions was,

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according to the number of open accounts January 1, 1874, $839,472, being an increase of 16,830, during the year.

TRUST, LOAN AND INDEMNITY COMPANIES.

On the first day of July last, twelve trust, loan and indemnity companies reported to the Bank Department, under chapter 324 of the laws of 1874. The aggregate of capital paid in, as shown by their reports, was $11,752,040, and the amount due to their depositors was $38,479,764.

INSURANCE DEPARTMENT.

The number of insurance companies, subject to the supervision of the Insurance Department, on the first day of December, 1874, was 282, as follows:

New York Joint Stock Fire Insurance Companies	102
New York Mutual Fire Insurance Companies	8
New York Marine Insurance Companies	9
New York Life Insurance Companies	26
New York Plate Glass Insurance Company	1
Fire Insurance Companies of other States	87
Marine Insurance Companies of other States	1
Life Insurance Companies of other States	27
Casualty Insurance Companies of other States	4
Canadian Fire Insurance Companies	3
Foreign Fire Insurance Companies	11
Foreign Marine Insurance Companies	3
Total	282

The total amount of stocks and mortgages held by the Insurance Department for the protection of policy holders of Life and Casualty Insurance Companies of this State, and of foreign insurance companies doing business within it, was $10,404,593, as follows:

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For protection of policy holders generally, in Life Insurance Companies of this State.....	$3, 689, 891 00
For protection of registered policy holders exclusively.....	3, 250, 842 00
For protection of casualty policy holders exclusively.....	1, 000 00
For the protection of plate glass policy holders exclusively	50, 000 00
For protection of fire policy holders in Insurance Companies of other States	40, 000 00
For protection of fire policy holders in Insurance Companies of Canada	600, 120 00
For protection of fire policy holders in foreign Insurance Companies	2, 473, 100 00
For protection of life policy holders in foreign Insurance Companies	300, 000 00
Total deposit.....	$10, 404, 953 00

QUARANTINE.

During the past year, fifty-seven vessels arrived at the port of New York, in which, during the passage, or while in port, sickness had occurred, rendering them subject to quarantine detention Eight vessels had eleven cases of small-pox on board, from which 3,228 persons had been exposed to the disease; one hundred and twenty-one cases of yellow fever occurred on forty-four vessels bound for New York, and twelve patients with this disease reached the port, and were cared for at the Dix Island Hospital, of whom two died; and five cases of ship fever were removed by the health officer to the hospital. No cases of cholera occurred in the port, but several vessels arrived from ports infected with this disease, on three of which coming from India, deaths from cholera occurred during the passage. No new disease called for any action by the health officer.

During the year, an epidemic of malignant yellow fever raged in Havana with unprecedented violence, and prevailed in Rio Janeiro and in twelve other South American and West Indian ports, and also in Pensacola and some other Southern ports of the United

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States, having extensive and direct communication with New York. In Havana, the deaths from yellow fever reached the enormous extent of eighty per cent of the persons attacked, and, in some cases, vessels lying in that harbor during the summer lost all their crews except one or two. It is worthy of notice, that while in previous years nearly nine-tenths of all cases of yellow fever came from the port of Havana, so small a number reached here during the present year. This result, in the opinion of the health officer, is largely due to the sanitary precautions taken by the officers of the vessels, most of whom, being connected with regular lines, are becoming familiar with the quarantine regulations of the port, and with the rigid, though reasonable, restrictions to which vessels having infectious diseases on board are subjected.

During the quarantine season, 1,135 vessels arrived at quarantine from suspected ports; of these, 236 were from ports known to be infected, and were detained; and 68 were required to discharge their cargoes on lighters in the stream before going to the city.

EMIGRATION.

The following table shows the statistics of emigration for the last fifteen years:

Years.	Commutation fee.	Aliens arrived.	Number of emigrants cared for on Ward's Island.	Total cash receipts.	Total cash disbursements.	Amount paid for real estate and buildings, included in total cash disbursements.	Amount paid to counties and institutions of the State, included in total cash disbursements.
1860...	$2 00-100	105,162	4,729	$289,467 92	$217,717 53	.....	$58,869 08
1861...	do	65,529	5,079	175,434 56	178,401 77	.....	19,855 93
1862...	do	76,306	3,247	174,454 29	188,524 56	.....	16,016 06
1863...	do	156,844	4,911	341,027 00	168,155 71	.....	15,792 12
1864...	do	182,916	7,363	420,366 17	373,763 39	$132,450 00	19,349 71
1865...	do	196,352	7,425	471,034 85	447,580 20	199,559 67	14,320 74
1866...	do	233,418	10,306	532,048 20	545,983 21	193,937 06	52,940 24
1867...	2 50-100	242,731	13,237	583,154 40	538,577 22	133,695 17	33,945 78
1868...	do	213,686	14,250	577,349 36	662,958 12	125,769 74	†101,737 20
1869...	do	258,989	13,911	695,499 59	606,158 58	96,852 13	48,846 66
1870...	do	212,170	16,601	566,119 26	605,544 24	54,784 98	51,681 15
1871...	1 50-100	229,639	14,369	421,957 40	605,904 17	96,419 47	39,829 58
1872...	do	204,581	15,818	457,011 70	598,793 78	129,765 07	51,556 81
1873...	do	266,818	12,942	415,063 28	486,108 22	61,188 46	32,678 24
1874*..	do	135,323	6,300	214,631 34	299,035 14	22,129 45	.....
Totals	....	2,870,464	150,488	$6,334,619 32	$6,445,235 84	$1,246,551 20	$557,419 49

* For eleven months.

† This sum included back claims.

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PRESENT FINANCIAL CONDITION OF THE COMMISSION.

The indebtedness of the Board is as follows:

Due the Equitable Life Assurance Society, amount borrowed on bond and mortgage of the lands at Ward's Island		$100,000 00
Due the counties and charitable institutions of the State, for the care and support of emigrants during the past one and one-half years		75,000 00
Due for current expenses at Castle Garden		16,000 00
Estimated expenses of the Castle Garden and Ward's Island establishments for the month of December (including $10,000 due for coal)	$30,000 00	
Less cash on hand and estimated receipts	20,000 00	
		$10,000 00
Total estimated indebtedness December 31, 1874		$201,000 00

The number of emigrants at present cared for at Castle Garden and Ward's Island is 1,041, and in the counties about 900. During the months of January and February, the number to be cared for at Ward's Island will increase to about 2,000, and in the counties to more than 1,200. On the first of January next the commissioners will practically be without funds to care for these persons. The expenses of the Ward's Island and Castle Garden institutions will, during the months of January and February, be about $25,000 per month, while the receipts will not exceed $5,000 per month.

COMMON SCHOOLS.

The statistics of the common schools for the year ending September, 30, 1874, are as follows:

Total receipts, including balance on hand September 30, 1873	$11,944,023 38
Total expenditures	10,779,779 61
Amount paid for teachers' wages	7,559,090 59

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Amount paid for school-houses, repairs, furniture, etc.	$1, 721, 282.64
Estimated value of school-houses and sites	28, 714, 738 00
Total number of school-houses	11, 775
Number of school districts, exclusive of cities	11, 299
Number of teachers employed at the same time for the full legal term of school	18, 554
Number of teachers employed during any portion of the year	29, 683
Number of children attending public schools	1, 039, 097
Number of persons attending normal schools	6, 568
Number of children of school age in private schools	138, 610
Number of volumes in school district libraries	835, 882
Number of persons in the State between 5 and 21 years of age	1, 501, 874

COLLEGES AND ACADEMIES.

The condition of the colleges and academies, subject to the visitation of the Regents of the University, is very satisfactory.

There are within the State, 22 literary colleges, 10 medical colleges, and 240 academies and academical departments of union schools. With several of the colleges included in this enumeration, are connected special schools of law, of medicine, and of other branches of science. By the wise liberality of individual citizens, the endowments and appliances of several of these institutions have, during the last year, been largely increased, and their means of usefulness greatly extended. The number of scholars in attendance upon the academies has increased, and the standard of scholarship has, upon the whole, considerably advanced. These institutions, while they prepare students for admission to the colleges, are also designed to fit another class for immediate entrance upon the practical duties of life, and, thus complementing the work of the common schools, form an important part of the educational institutions of the State.

STATE LIBRARY AND MUSEUM.

The State Library, in both its departments, has been enlarged by the application of all the means at the disposal of the Trustees. In

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the extent and value of its contents, it is a source of just pride to the people of the State. The law library numbers about 26,000 volumes, and the general library about 68,000, including many rare and valuable works.

The State Museum of Natural History, under the management of its able curator, Prof. Hall, is reported to be in excellent condition, and exhibits the productions of the State, in a manner to afford to the student of natural science most valuable aid in his studies.

THE NATIONAL GUARD.

The National Guard consists of eight divisions, containing nineteen brigades, composed of one regiment and nine separate troops of cavalry, one battalion and ten batteries of artillery, thirty regiments and thirteen battalions of infantry. Total officers, non-commissioned officers, musicians and privates (three brigades estimated), twenty thousand five hundred and thirty-two (20,532).

SOLDIERS OF WAR OF 1812.

The last Legislature made an additional appropriation of one hundred thousand dollars ($100,000), for redeeming certain certificates issued to soldiers of the war of 1812.

The former appropriation paid on the certificates allowed $91.52\frac{5}{100}$ on $100 of principal.

The appropriation of 1874 paid the balance due on the principal, and $46.72 on $100 of interest.

WAR CLAIMS AGAINST THE UNITED STATES.

On the 1st day of January, 1874, the unsettled balance in favor of the State was $1,209,286.11. Since that time another installment of over $34,000 has been presented to the Treasury Department. In the unsettled balance above stated is included a claim for $131,188.02, interest on Comptroller's bonds, which cannot be paid without legislative action.

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SALT SPRINGS.

The quantity of salt from the Onondaga Salt Springs, inspected during the last fiscal year, was 6,594,191 bushels, less by 1,364,981 bushels than the production of the preceding year. The net revenue from this source was $10,341.67, showing a falling off, as compared with the preceding year, of $11,424.08.

STATE PRISONS.

The following statement shows the expenditures and earnings of each of the prisons, for the year ending September 30, 1874:

	Advances from the Treasury.	Received from Earnings.	Excess of Expenditures.
Auburn	$233,165 90	$101,910 40	$131,256 50
Clinton	337,678 12	153,473 60	184,204 52
Sing Sing	360,054 58	124,009 43	236,045 15
Miscellaneous*	.....	.....	37,031 25
	$930,899 60	$379,393 43	$588,537 42

In 1867, the excess of advances from the Treasury over receipts from earnings, was	$366,874 79
In 1868, it was	512,547 74
In 1869, it was	595,774 45
In 1870, it was	461,304 99
In 1871, it was	470,309 23
In 1872, it was	465,881 84
In 1873, it was	597,289 06
In 1874, it was	588,537 42

The number of convicts in each of the prisons, September 30, 1874, was as follows:

Auburn	1,202
Clinton	552
Sing Sing	1,306
	3,060
Total, September 30, 1873	3,025

* Miscellaneous expenditures, not distributed, including $26,231.25 for transportation of convicts.

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ANNUAL MESSAGE

OF THE UNIV. OF MICH.
FEB 26 1908

GOVERNOR

OF THE

STATE OF NEW YORK.

TRANSMITTED TO THE LEGISLATURE JANUARY 4, 1876.

ALBANY:
WEED, PARSONS AND COMPANY, PRINTERS.
1876.

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No. 2.

IN SENATE,

January 4, 1876.

ANNUAL MESSAGE OF THE GOVERNOR.

STATE OF NEW YORK:

EXECUTIVE CHAMBER,
ALBANY, *January* 4, 1876.

To the Legislature:

The annual meeting of the legislative assemblies, at the beginning of the new year, finds the people of this commonwealth in the enjoyment of blessings, which ought to fill us with reverent thankfulness to Him from whom cometh every good and perfect gift. Whatever the earth could yield to the labor of man, under the fructifying and genial forces of nature, we have garnered. Health, peace and domestic tranquillity have been ours. Capacities to produce in largest abundance and with least sacrifice, or to acquire by exchange through the best natural and artificial machinery of transport and travel, all things which minister to material well-being, to the prosperity and wealth of a State, and to the comfort and felicity of its individual members, have been, and are subject to our use.

It was early discovered that New York possessed within her territory the natural passes of military operations which, in the wars for colonial existence and for national independence, cross-tracked our soil with fire and blood. Our territory was also found, on the

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later development of the national growth, to occupy the natural thoroughfares of travel and traffic. It touches the ocean with a harbor ever open, accessible and safe, close by whose gates the ocean currents compel to pass nearly all transatlantic navigation to and from this country. It connects that harbor and the tranquil Hudson on the north with Lake Champlain and the Canadas, and on the west by a level crossing the bases of the mountain ranges that traverse the continent, with Lake Erie and its chain of great inland seas, bordered by rising commonwealths, which are the marvels of modern times.

We are, with our fellow-citizens of the other States, joint inheritors of a system of government — the selected product of the oldest existing civilization — formed according to the best ideals evolved from human experience, but freed from the overgrowth of habits and interests elsewhere incident to such experience; and planted in the virgin soil of an unoccupied continent, abounding in all the gifts of nature. Our population, by the census just taken, is near four and three-quarter millions. Our annual product of agriculture is still greater than that of any of our young rivals, whom we contemplate with admiring pride as in part the creations of our policy and the swarming homes of our own children. Our domestic manufactures are larger than those of any other State. Our foreign commerce is once and a half that of all the rest of the Union.

Common schools, in which are taught a million of youths, and seminaries of higher learning, are training our successors to improve on whatever they can inherit from the present generation. Institutions of charity dispense everywhere their benefactions, and the surface of our whole domain is dotted thickly by edifices whose spires point to Heaven.

If, on this fair picture, there are spots that indicate a recent prevalence of private waste or folly, or that disclose evils or wrongs by Government, resulting in much temporary distress, let us remember with humility that we have been in part the authors of what we deplore, or, at least, consenting witnesses; and let us be grateful that we can reform what is amiss; and that, to our hands, under God, is committed our own future.

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DEBTS OF THE STATE.

The nominal amount of the debts of the State, as they appear on the books of the Comptroller, without deducting the sinking funds applicable to their payment, on the 30th of September, 1875, the close of the last fiscal year, was $28,328,686.40, classified as follows:

General fund	$3,119,526 40
Contingent	68,000 00
Canal	10,086,660 00
Bounty	15,054,500 00
	$28,328,686 40

THE SINKING FUNDS.

The amount of those debts, on the 30th of September, 1875, after deducting the assets in the sinking funds at that time applicable to their payment, is exhibited by the following statement, furnished by the Comptroller:

	Debt Sept. 30, 1875.	Sinking Fund, Sept. 30, 1875.	Balance.
General fund	$3,119,526 40	$3,029,605 70	$89,920 70
Contingent	68,000 00	36,677 64	31,322 36
Canal	10,086,660 00	1,448,345 51	8,638,314 49
Bounty	15,054,500 00	*9,066,753 29	5,987,746 71
Totals	$28,328,686 40	$13,581,382 14	$14,747,304 26

The actual reduction, during the year, of the debts by cancellation of matured stocks, and by the purchase of $858,000 of the bounty loan for the sinking fund, is $1,870,770.

The diminution during the year, of the debts, after deducting the assets of the sinking fund, is $2,744,505.06.

THE BOUNTY DEBT.

But even this exhibit does not completely show the situation of the sinking funds as we are to deal with them in the legislation of

* Deducting interest accrued to October 1, 1875, payable January 1, 1876.

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your present session. The appropriations made at the last session became operative on the first of October, 1875. The taxes levied for the fiscal year, beginning on that day, are in process of collection.

The appropriation for the bounty debt sinking fund was $4,260,000. If that sum be deducted from the balance of $5,987,746.71, as shown in the table for the 30th September, 1875, there would remain but $1,727,746.71 to be provided for by your legislation.

The near approach of the extinction of the bounty debt suggests a retrospect. If it had been a necessary condition to a restored union, our people would not count its cost. But it was essentially an after-war adjustment, and if the criticism of the Comptroller, in his report of 1875, be just; that though created "nominally to pay bounties to the volunteer soldiers, who enlisted in the service of the United States during the rebellion, but only an inconsiderable part of this sum is believed to have reached the soldiers who were actually engaged in the contest," the experience would be chiefly useful in illustrating the magnificent costliness of improvident debt. The appropriations for it in the last ten years amount to $39,983,862.97, and interest would swell the present cost to at least $50,000,000. When the appropriation of the present year shall be added, the people of this State may be congratulated on its extinction.

CANAL DEBT.

The appropriation at the last session for that portion of the canal debt, known as the floating canal debt, was $266,000, which will complete its payment and leave a small surplus in the sinking fund.

On the other hand, the sinking fund for the canal debt proper, will fail to derive from the revenues of the canals the whole amount of the installment required, and a deficiency of $625,610.70 will have to be supplied.

WHOLE AMOUNT OF DEBTS.

The application of the sums appropriated from taxes, now in process of collection, would reduce the State debts to about ten and one quarter millions of dollars, exclusive of accruing interest.

Another observation ought to be made in respect to the sinking

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funds. Nearly twelve hundred thousand dollars of the assets, consist of premiums on its stocks at cost or at present market rates.

It is clear that the operations of the sinking funds should be revised. The best investment, certainly the safest, for a State as for an individual, is in the payment of its own debts, if that be possible on reasonable terms. Individuals seldom find easy credit any thing but a snare; States never. A large mass of cash on hand, even if in sinking funds, tempts to improvident expenditure and to illegitimate use.

CONSTITUTIONAL RESTRICTIONS ON PUBLIC DEBTS.

Thirty years ago, in June, the convention sat, which formed our present Constitution. It was called into being chiefly to impose restraints on the power of the government of this State to contract debts. The purpose of the people to establish these guards against their agents was the result of years of animated discussion. The restraints were carefully devised. They have been useful, and, in the main, effectual. In 1846, our State debts were nearly twenty-four millions. In 1876, they will be reduced to ten and a quarter millions.

The convention considered plans for applying such restrictions to all municipal bodies and local governing officials. They did not feel able, in the period of their session, to mature satisfactory provisions. They devolved the duty on the Legislature, commanding its performance. Their injunction has been unexecuted; and in 1876 the city of New York has a debt of one hundred and twenty-two millions after deducting its sinking funds, against a debt of less than fourteen millions in 1846. The other cities of the State owe sixty millions, and many counties and towns are also largely burdened.

Sole surviving member of the committee which prepared the constitutional restrictions on the creation of State debts, I might be permitted, in honor of the illustrious dead, to trace the moral, our experience has since proved, of the utility of their work; but I have recounted the results to show that the policy was then, and is now, absolutely necessary to the safety of the people in all State and local governments.

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TAXES FOR STATE PURPOSES IN 1874.

The taxes levied by the Legislature of 1874, were 7½ mills on a valuation of $2,169,307,873. Their produce, when all realized, is $15,727,482.08.

IN 1875.

The taxes levied by the Legislature of 1875, were six mills. They were computed in the Comptroller's office and in the Legislative committees on the valuation of the previous year. On that basis, their produce would have been $13,015,847.24.

THE REDUCTION.

The reduction would have been $2,711,634.84. But the valuation was increased to $2,367,780,102. The produce of a six mills tax on that amount is $14,206,680.61. The increase of the valuation gives an excess over the estimated amount of $1,190,833.37. The reduction actually effected is $1,520,801.47.

APPROPRIATIONS OF 1875.

A reduction of taxes, without reduction in appropriations, would but create a deficiency and a floating debt. These would have to be paid by a subsequent increase of taxes. The appropriation bills were framed to correspond with the lower valuation, and much effort was made to keep down the appropriations. The result is shown in the following table:

APPROPRIATIONS AND TAXES OF 1875 COMPARED.

	Mills.	Appropriations of 1875.	Tax Computed on valuation of 1874.	Tax Computed on valuation of 1875.	Excess.
Schools	1¼	$2,712,000 00	$2,711,634 84	$2,959,725 13	$248,090 29
Bounty debt	2	4,260,000 00	4,338,615 75	4,735,560 20	396,944 45
Capitol	¼	1,000,000 00	1,084,653 94	1,183,890 05	99,236 11
Canal Floating Debt	¼	266,000 00	271,163 48	295,972 51	24,809 03
Canal Awards	1-5	422,766 40	433,861 57	473,556 02	39,694 45
General Purposes	1¾	2,966,825 00	2,982,196 33	3,255,697 64	272,899 31
Deficiency and Asyl's	11-20	1,525,213 53	1,193,119 33	1,302,279 06	109,159 73
	.....	$13,172,805 43	$13,015,847 24	$14,206,680 61	$1,190,833 37

Excess of appropriations over tax, computed on valuation of 1874	156,958 19
Excess of tax, computed on valuation of 1875, over tax computed on valuation of 1874	1,190,833 37
Excess of tax, computed on valuation of 1875, over appropriations of 1875	1,033,875 18

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The reduction in the appropriations of 1875, below the taxes of 1874—counting, at its true construction, one item about which there may be some doubt—is $2,554,677.65. This leaves the sum of $1,033,875.18 applicable to the reduction of taxes for the coming fiscal year.

REDUCTION OF APPROPRIATIONS FROM CANAL REVENUES OR FUNDS.

The appropriations for ordinary expenses and repairs of the canals made at the last session for the fiscal year beginning October 1, 1875, were $1,109,150, and for the current fiscal year a special contingent provision of $150,000, making $1,259,150. The like appropriations made at the session of 1874, were $1,424,510; and a provision for the then current year for deficiencies of $250,000. The reduction in 1875, as compared with 1874, is $415,360.

The canal re-appropriation bill in 1874 re-appropriated $917,319.63; that of 1875 re-appropriated $340,079.19. The diminution is $577,240.44.

The amount raised by former taxes, reclaimed into the treasury by striking out items in the re-appropriation bill of 1875, is $67,765.69.

ITEMS OF REDUCTION OF TAXES.

The objects in respect to which a reduction of taxes was effected, were:

	1874.	1875.	REDUCTION.
Extraordinary canal repairs	$1,896,144 39	None.	$1,896,144 39
Asylums and reformatory	812,490 45	$479,800 00	332,690 45
General purposes	4,189,475 84	3,696,117 66	493,358 18
			$2,725,193 02

1. In respect to the first item, the memorandum assigning reasons for withholding the executive sanction from the bill making appropriations for extraordinary repairs to the canals, contains the following observations:

"The budget for extraordinary repairs, as originally prepared, proposed an expenditure of $1,400,000. In the ordinary course of things, the additions, which would have been made to it during its

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passage through the two houses, by the friends of local objects able to influence those bodies, would probably have swollen it to as great a magnitude as the bill of last year for the same purpose, which amounted in tax to nearly $1,900,000.

"It was in this condition of things, when the routine, which had become so firmly established, was likely to bring for my action, bills which could not be totally rejected, and perhaps, could not be effectually altered, and which would practically continue the existing systems of canal expenditure, against which I had objected in my annual message and invoked retrenchment and reform, that I felt it my duty to enter upon the investigation, which resulted in the special message of March 19, 1875.

"The discussion which ensued generated a spirit in the legislative bodies, and among the people, that triumphed over and broke up the routine, hitherto dominating, and which, like an enchanted ship, moving onward in its course without a crew, was drifting us into a repetition of all improvidences, abuses and frauds, so long infesting this department of the public administration.

"The results of this discussion will be found in a reduction of the appropriations for the expenses of collection, superintendence and ordinary repairs, and in the extinction of expenditures for extraordinary repairs."

2. The reduction in the second item was the result of a policy adopted by the finance committees of the two houses, with my concurrence, of confining the appropriations to such sums as would make available and bring into use the portions most nearly approaching completions of the asylum and reformatory, now in the course of construction. The appropriations allowed to pass conform, in the main, to that plan.

3. The memorandum assigning reasons for withholding the executive sanction from certain items of the supply bill, expressed the belief that "with the reductions made in the legislative bodies, and by the refusal of the executive sanction to items and bills passed by the Legislature, the expenditures and appropriations ought not to exceed the taxes levied, and the reduction of taxes will be a clear saving to the people." It added that "the failure of

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sundry items and bills to receive the executive sanction will reduce the appropriations as follows:" And it enumerates such items to be

paid by taxes amounting to.....	$332,169 00
And items stricken out which reclaim cash to the treasury.....	67,765 00
	$399,934 00
And items to be paid out of canal revenue.....	$365,946 00

The failure to keep the appropriations down to the taxes levied, on former occasions, has led to deficiencies in the treasury and floating debts, which are forbidden by the Constitution, and to violations of the sinking funds. We cannot too vigilantly guard against a recurrence of these evils; or insist too inflexibly that no appropriation shall be made until the means of paying it shall have been provided.

REDUCTION OF STATE TAXES FOR 1876 TO ONE-HALF THE TAXES OF 1874.

The taxes for State purposes in 1874 were 7¼ mills on a valuation of $2,169,307,873, producing....	$15,727,482 08
The taxes for State purposes in 1876, if reduced to 3.625 mills on the valuation of 1874, or 3.321 mills on the valuation of 1875, which is $2,367,780,102, would yield.....	7,863,741 04

After a careful consideration of the elements of the question, I have arrived at the conclusion that a reduction, substantially of this extent, can be effected without detriment to the public interests, if there exist no deficiencies yet undiscovered in the public accounts, and if no extraordinary necessity for new appropriations shall arise.

It may be proper to indicate some of the chief particulars in which this reduction can be made:

1. Payment on debts of the State.

	Appropriations in 1874.	Necessary in 1876.
For bounty debt.....	$4,260,000 00	$1,727,746 00
For canal debt.....	198,888 00	625,610 70
	$4,458,888 00	$2,353,356 70

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Reduction			$2,105,531 30

2. Canal Expenditures.

	1874.	1876.
For extraordinary repairs	$1,898,144 39	None.
For awards	474,536 10	$172,680 49
	$2,372,680 49	

Reduction — which, as to canal awards, is estimated		2,200,000 00
3. Reduction by means of surplus of taxes in 1875		1,033,875 18
4. The taxes provided for general purposes in 1875 were less than those of 1874 by	$493,358 18	
The excess of appropriations over taxes computed on the old valuation was	156,958 19	
Balance	$336,399 99	
Counting on the same appropriations this year, there will be a reduction of		336,399 99
5. The tax for new asylums and reformatory in 1874 was	$813,490 45	
The appropriation for 1875 was	479,800 00	
Balance	$333,690 45	
If the same appropriations were made in 1876 as in 1874, the reduction would be		333,690 45
The reductions effected in these items would be		$6,009,496 92
In order to effect the diminution of taxes one-half, there would remain to be effected out of the other appropriations a further reduction of		1,854,244 12
The other taxes in 1875, as appropriated, were:		
For new capitol		1,000,000 00
For asylums and reformatory		479,800 00
		$1,479,800 00
Remainder of taxes appropriated for general purposes, 1874		3,696,117 66
Taxes appropriated for schools, 1874		2,660,000 00
Total		$7,835,917 66
A quarter of that would be		1,958,979 41
The balance of the reduction proposed is		1,854,244 12

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Three-quarters of the reduction contemplated will have been effected out of half the taxes in the items mentioned. There would seem to be no difficulty, out of the remaining half of the taxes, to make the remaining quarter of the proposed reduction. The subject will be further discussed when the principal objects of the expenditures are separately considered.

THE PERMANENT RESULT.

It is not intended to insist on positive exactness of results. In the exigencies of a great State, unforeseen necessities may arise. But, in private business, and in the administration of those great corporate bodies which are the growth of modern times, and some of which receive and disburse larger sums than the treasury of the State, it is found to be wise and even necessary to work up to a systematic plan. The State ought to do the same. It is one of the evils of unsystematic legislation and administration that results are never certain; that expenditures exceed appropriations, and appropriations exceed taxes. A floating debt is thus created by some subordinate officer or authority, which the Constitution expressly prohibits the law-making powers of the government from creating except to the extent of $1,000,000.

But there seems to be no reason to doubt that, on the scale of our present population and our present policy, the remission of taxes may be permanent.

In 1877, the million and three-quarters required this year for the bounty debt, will be unnecessary. It is possible, if the canals are well managed, that the demand from them on the treasury may be somewhat reduced. The State prisons, the quarantine and the salt works all afford scope for retrenchments. They now share the fate of all other business and speculations which the State undertakes. A decay of income and a growth of expenditures indicate the incompetence of the State, in its sleepy indifference, to compete with the ever vigilant and earnest activity of private interests. The deficiency in the State prisons for the year is nearly $550,000, and of the quarantine about $62,000, making $612,000. This sum and the last installment of the bounty debt, amounting to a million

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and three-quarters, which is a charge on this year, and the deficiency in the canal sinking fund, amount in the aggregate to $2,960,000.

The result, expressed in round numbers, is that, after you have reduced the taxes for State purposes from sixteen millions to eight millions, three of the eight millions remaining are or ought to be for exceptional expenditures. That amount, therefore, ought to form a fund adequate, after this year, to meet the exceptional expenditures of the State for improving the main trunks of the canals, and finishing all public buildings that ought to be finished, and for an ultimate further remission of taxes.

I have made this explicit exposition of the subject, at the opening of your session, in order that in all the formative stages of legislation involving expenditures, appropriations and taxation, the considerations suggested may be present to your minds. The amendment to the Constitution, first brought into operation at the last session, imposing on the Governor the obligation to revise every item of appropriation, works a change in official practice, amounting to a revolution. Hitherto, as the appropriations were embraced in bills that had to be accepted or rejected, as a whole, the items have been, in effect, withdrawn from the action of the Governor. The responsibility now devolved on him is very laborious and difficult. It tends, perhaps, to work some change in the customary relations of the departments. In ordinary legislation, it is stretching the function of the executive veto too far, to apply it to every case in which the Governor, if a member of the Senate or Assembly, would vote against a bill. There seems to be a disposition to hold the Executive to the extreme of accountability in respect to appropriations. This tendency may be carried so far as to disturb the constitutional equilibrium of the executive and legislative forces.

Not desiring to amplify my official powers, nor disposed to shrink from any just responsibility, the occasion seems fit to invite a frank understanding, to avow my own wish for, and to seek from you, a cordial co-operation on this subject, for the good of our common constituents.

I have endeavored to narrate the financial condition, prospects and possibilities of the State in plain language, divested of the

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technical forms of complicated accounts, which render financial statements capable of being analyzed only by experts, and incapable of being understood by anybody, without explanations which they do not contain.

POLICY OF THE STATE AS TO THE ERIE CANAL.

In my annual message of last year, I entered into a full discussion of the policy of the State, in respect to the construction, ownership, management, and improvement of the Erie canal.

In my special message of March 19, 1875, I opened a discussion as to the improvidence, waste, and corruption, which have infested the administration of the canal system. Inviting your attention to those documents, I confine myself, on this occasion, to a brief summary of the policy of the State as it may be deemed now to be settled.

1. Not denying the general unfitness of Government to construct, own or manage the works which offer the means of transportation, the State of New York saw an exception in the situation and in the nature of the canals, which are trunk connections between the Hudson river and the great inland seas on the north and west. Connecting vast navigable public waters, they assume something of a public character. They are a link of 350 miles in a system which, on the one hand by 1,500 miles of the waters of the great lakes, and on the other hand by 3,150 miles of the waters of the Hudson river and the Atlantic ocean connects the crowded populations of Europe with the fertile prairies of the North-west, covered with their network of tributary railways.

2. The Erie canal remains an important and valuable instrument of transport, not only by its direct uses, but by its regulating power in competition with the trunk railways between the East and the West.

3. The Erie canal has a capacity to accommodate an aggregate tonnage at least twice as large as has ever offered. It is capable of being made an instrument of the cheapest transportation per ton, per mile, which artificial navigation, in existing geographical and physical conditions, can attain; not by changing its essential character, but by perfecting it and giving it the highest efficiency.

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4. The policy upon which the State appears to have decided and that which I had the honor to advocate in the Constitutional Conventions of 1846 and 1867, and which is set forth in my messages of the last year, is to keep these great public works as a trust for the million, not seeking to make revenue or profit to the sovereign out of the right of way.

The State originally undertook the construction and administration of the public works in order to secure a facile and cheap transportation to which private enterprise was then and long afterward inadequate.

It early opened to free competition every mode of transit, even in rivalry to its own works, for the interchange of the agricultural products of the West, and of the manufactures and merchandise of the East.

It has not exacted from the trust a full return of its advances; but in expenditures in excess of the revenues and defrayed by taxes, and in remission of tolls, it has made large sacrifices to cheapen the cost of transportation.

It has not sought to limit the advantages of its policy to its own citizens, nor has it paused because the prices — even for our own consumption — of exported cereals and other agricultural products are fixed by foreign markets, so that the benefits of a reduced cost of conveying them to the seaboard accrue chiefly to the western producers.

SITUATION AT THE LAST SESSION.

In the progress of the last session it became obvious that the retrenchment in the ordinary expenses of the canals, and in the outlays for new work recommended in the message, were not likely to be in any degree realized. The appropriations for ordinary repairs, as passed by the assembly and by the Canal Committee, were nearly equal to those of the previous year. The appropriations for new work, as called for by the budget submitted by the Canal Commissioners to the committees of the Legislature, were at least as large as the similar estimates of the year before.

In the meantime, the canal revenues for the months of September and October, which are in the then current fiscal year, were fall-

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ing off one-quarter of their former amounts; and the forwarders, boatmen and others engaged in transportation, were appealing for a reduction in the tolls, in order to enable them to continue their business.

On an investigation, induced by this emergency, it was found that in the preceding five years the State had levied taxes of between eleven and twelve millions of dollars for extraordinary repairs besides deficiencies in the sinking fund, thereby imposing a burden of almost three millions a year upon the tax-payers.

And upon inquiry as to how these vast sums had been expended, it appeared that much had been for objects of no real utility; that many of the contracts had been obtained by sham biddings in evasion of the law, and there was reason for suspicion as to the durability and value of the work.

REFORM.

In this condition of things, I proposed a reconciliation between the discontented tax payers and the distressed transporters by a thorough reform in the service and the system, which should remit taxes, reduce tolls, and increase the efficiency of the canals.

INVESTIGATING COMMISSION.

The first step was to obtain the information necessary to enable remedies to be devised and wisely applied. The commission appointed under the joint resolution and statute, consisting of Messrs. John Bigelow, Daniel Magone, Jr., Alexander E. Orr and John D. Van Buren, Jr., immediately after their organization, made such personal inspection of the most important parts of the canals as was possible before the water was let in for navigation; and after that was done, they proceeded to investigate many of the contracts for work on the canals and the transactions connected with them.

I shall not outrun the public sense of the great and onerous service which these gentlemen have given to the State when I say that they have executed the trust reposed in them with unswerving and impartial fidelity, and with distinguished intelligence and ability.

The frauds are not the simple case of embezzlement of public money, or a cheat in the payment of taxes, but are to be traced

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through the complicated work of construction, and are sheltered by the complicity or connivance of officials whose duty it is to protect the State. The truth has to be discovered and the proof obtained from unwilling and sometimes unscrupulous witnesses.

The primary object is to reform the system and establish every possible security against a recurrence of the evils. While security for the future is of transcendent importance, indemnity for the past is to be sought. Civil and criminal redress is to be enforced.

If it is a matter of toil and difficulty to make the investigations effectual, it is infinitely more so to conduct the actions in the courts to their conclusion, in cases so numerous and complicated. It will be necessary for you to make a special appropriation for aid to the Attorney-General.

INCOME AND EXPENSES OF CANALS.

The income and expenses of the canals for the fiscal year ending September 30, 1875, are shown by the following table:

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STATEMENT showing the tolls received on each canal, and the total expenditures for ordinary and extraordinary repairs and new work during the fiscal year ending September 30, 1875.

CANALS.	Income tolls.	DISBURSEMENTS.			Income in excess of disbursements.	All disbursements in excess of income.	Income in excess of disbursements for ordinary repairs.	Disbursem'nts for ordinary repairs in excess of income.
		Ordinary repairs	Extraordinary repairs and new work.	Total.				
Erie Canal	$1,708,374 72	$803,985 09	$673,098 77	$1,477,083 86	$231,290 86		$904,389 63	
Champlain Canal	110,893 17	135,942 51	243,343 89	379,286 40		$268,393 23		$25,049 34
Oswego Canal	45,057 69	99,014 95	10,325 96	109,340 91		64,283 22		53,957 26
Cayuga and Seneca Canal	13,616 07	27,927 12	9,796 88	37,724 00		24,107 93		14,311 05
Chemung Canal	1,717 32	23,230 41	3,076 58	26,306 99		24,589 67		21,513 09
Chenango Canal	2,909 63	24,537 41	3,077 49	27,614 90		24,705 27		21,627 78
Black River Canal	7,214 64	44,846 17		44,846 17		37,631 53		37,631 53
Genesee Valley Canal	12,406 26	97,841 33	9,151 18	106,992 51		94,586 25		85,435 07
Oneida Lake Canal			21,348 55	21,348 55		21,348 55		
Baldwinsville Canal								
Oneida River Improvement	215 40		94,50	94 50	120 90		215 40	
Seneca River Towing Path	89 72				89 72		89 72	
Cayuga Inlet	369 93				369 93		369 93	
Crooked Lake Canal	126 09	7,396 80		7,396 80		7,270 71		7,270 71
	$1,902,990 64	$1,264,721 79	$973,313 80	$2 238,035 59	$231,871 41	$566,916 36	$905,064 68	$266,795 83

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Total disbursements on all canals in excess of tolls, $335,044.95.

Tolls in excess of disbursements for ordinary repairs, $638,268.85.

REAL INCOME.

It will be seen that the income is stated at $1,902,990.64, and the explanation is made at the Auditor's office that as the receipts are a month later than the earnings the computation includes the receipts of September, 1874, and excludes those of September, 1875. As the former month yielded $166,341.10 more than the latter, except for this mode of computation the result would be $1,736,651. The estimate in my special message of March 19th, founded on the data there given, was $1,715,168. The calendar year 1875 gives only $1,584,018.

CORPARATIVE STATEMENT, 1874 AND 1875.

The following is a comparative statement of the revenues and expenses for the fiscal years 1874 and 1875, furnished at the Auditor's office:

Statement showing the aggregate receipts and payments on account of the ordinary expenses of the canals for the last two years.

	1874.	1875.
Receipts from tolls, etc	$2,947,972 91	$1,925,995 63
Payments to Superintendents and repair contractors	$1,176,021 46	$985,105 10
Payments by Canal Commissioners for repairs	121,694 91	279,616 69
Payments to Collectors and their assistants	84,833 44	75,857 41
Payments to Weighmasters and their assistants	12,846 39	12,118 09
Refunding tolls, salaries of officers, etc	74,070 63	61,759 65
Reserve balance of appropriation for concreting the sixteen locks and retrunking the upper and lower Mohawk aqueducts		52,859 01
Total expenses for the year	$1,469,466 83	$1,467,315 95
Net receipts	1,478,506 08	458,679 68

This statement shows a falling off in the toll receipts of the last fiscal year, as compared with those of 1874, of $1,021,977.28; decrease in payments of $2,150.88, and a loss in net receipts of $1,019,826.40 — the net revenue being $625,610.70 short of the requirements of the sinking fund, under article 7, section 3 of the Constitution; the amount required being as follows:

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Interest, in coin	$634, 290 38
For sinking fund	450, 000 00
	$1, 084, 290 38
Actual surplus	458, 679 68
Deficiency	$625, 610 70

EXPLANATORY COMMENT.

It is to be noted that the expenses during all the present year, except the last two months of navigation — that is, up to September 30, 1875 — were under the appropriations of 1874. The reductions effected at the last session did not begin to operate until October 1, 1875.

The diminution in business caused by the bad condition of our domestic trade, the growing diversion by the completion of railways and the reduction of tolls, all operated from the beginning of navigation, or five months out of the seven of the season earlier than the reduction of expenses.

The falling off of income in the last two months of 1875, as compared with the last two months of 1874, is less than the reduction in ordinary expenses and repairs for the fiscal year commencing October 1, 1875.

FUTURE MEASURES.

In this state of things it is obvious that our first measure should be to ascertain completely, and without unnecessary delay, the financial condition of the canals; the state of the contracts yet outstanding for extraordinary work, in order to determine what ought to be stopped or abandoned, and what ought to be continued, and the means applicable to any expenditure they may require.

A second measure is the careful and thorough investigation of ordinary expenses and repairs, for the purpose of keeping them down to the lowest point consistent with the efficiency of the canals.

A third measure relates to the disposition of such laterals as are not necessary as feeders. It will be recollected that at the last session, in view of the complicated questions incident to this subject, requiring legal engineering and business skill, and much devotion

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of time and attention, I recommended its reference to a special commission. The Legislature, however, preferred to charge the Canal Commissioners and State Engineer and Surveyor with the additional duty. I am not advised what report they will make on the subject.

A fourth measure is a radical change in the system of administration. The present machinery is chaotic, and except with something of the unity which existed in practice in the Canal Board, under the old Constitution, is incapable of acting with efficiency or economy. The abuses, perversions of law and morals, improvidence and waste which cling around it, are the growth of years. When a man of average well-meaning and average ability comes singly into one of these administrative offices, the graft develops, not its own nature, but the nature of the parent stem. It is difficult to carry out reform by instruments that are incurably averse to reform; whose indolence, comfort, associations, habits, assistants and advisers, are all naturally opposed to what they are expected to do. Every step of progress is not only through an enemy's country, but beset by unexpected betrayals.

A constitutional amendment, changing the system of administering the canals, was unanimously passed by both houses at the last session. Your attention is respectfully called to the importance of an early consideration of the subject.

A fifth measure is the continuance for the present year of the reduction in the tolls made for last year.

A sixth measure is to subject all the work called extraordinary repairs to a systematic and thorough scrutiny, and discard everything that is not clearly and certainly necessary. When the *débris* of the old rotten system shall be cleared away, there is a work of real utility and small cost, which will claim an early attention, and for which the people would be willing to provide the means. On this topic I repeat the remarks contained in the special Canal Message of March 19, 1875:

"In my judgment, a far more important improvement of the Erie canal would be effected by a thorough system of ordinary repairs, which should give the water-way its proper and lawful dimensions, and by progressively deepening it, wherever reasonably

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practicable, from seven to eight feet. As the object would be merely to enable the submerged section of the boat to move in a larger area of water, so that the displaced fluid could pass the boat in a larger space, it would not be necessary to alter the culverts or other structures, or to carry the walls below the present bottom; and the benefit would be realized in each portion of the canal improved, without reference to any other part of the channel which should remain unchanged. In facilitating the movement of the boat, and quickening its speed, it would increase the amount of service rendered in a given time, and would thereby diminish every element of the cost of transportation. It would benefit the boatmen and carriers more, even, than one cent a bushel remission of tolls. It would be more real utility to navigation than five or ten times its cost expended in the average manner of so-called improvements on the public works. But it is too simple, too practically useful, to enlist the imagination of projectors who seek the fame of magnificent constructions, and of engineers who build monuments for exhibition to their rivals, or to awaken the rapacity of cormorants who fatten on jobs."

I have thus briefly sketched the outline of a policy which is the best method to promote cheap transportation, not only so far as the Erie canal is concerned, but in its general effect upon all methods of transportation.

It seems to me that these measures are entitled to the effective support of the fowarders, boatmen, transporters, as well as to that of the tax-payers, and all who desire to rescue our public works from spoliation.

THE NEW CAPITOL.

The following statement shows the payments for this object from the State Treasury including purchase of lands, etc., to June 20, 1875.

To September 30,	1863	$51,593 66
do	1864	9,453 55
do	1865	10,860 08
Carried forward		$71,907 29

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Brought forward		$71,907 29
To September 30, 1866	Congress Hall block	65, 250 00
do	1867	10, 000 00
do	1868	50, 000 00
do	1869	451, 215 63
do	1870	1, 223, 597 73
do	1871	482, 942 37
do	1872	856, 106 98
do	1873	1, 175, 600 00
do	1874	610, 275 16
From Oct. 1, 1874, to June 20, 1875		1, 000, 600 00
		$5, 997, 495 16

A statement from the clerk of the present commission, which was organized on the twenty-ninth of June, 1875, is as follows:

Amount paid on account of expenditures prior to January 1, 1875	$263,659 95
Amount expended in construction since the 29th June	491,349 95
Estimated liabilities on January 1, 1876	65,542 22

The memorandum attached to the supply bill signed on the 21st of June contains the following observations on

THE APPROPRIATION FOR THE NEW CAPITOL.

"Of the million provided for this purpose more than $200,000 will be consumed in the payment of arrears now existing in the nature of a floating debt, and less than $800,000 will be applicable to new construction.

"It is with reluctance that I assent to this appropriation. Nearly $6,000,000 has already been expended upon this edifice. Although the general plan has been determined, the details have not been worked out with such thoroughness and such certainty as to afford any guide as to the amount which will probably be required for the completion of the building. If it were an original question I should have no hesitation in condemning and discarding a work of

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such unnecessary cost; but it cannot be now abandoned without losing all that has been thus far expended. In deciding on the wisdom of completing it, we are to consider only whether it will be worth the future outlay for its completion. What that cost will be ought to be ascertained with all the certainty attainable. I doubted whether the work ought not to be suspended until the plans of future construction should be settled, and full assurance had that the annual expenditure should be made usefully in furtherance of those plans. In the meantime I favored a reduction of this appropriation below the amount adopted by the Legislature.

"But provisions for this general object were inserted in the Supply Bill. They, perhaps, justify the allowance of this item, especially as the law imposing a tax for raising the money for this purpose will necessarily go into effect, whatever might be done with this appropriation."

The new Commission consists of the Lieutenant-governor, the Auditor of the Canal Department, and the Attorney-general.

The act provides that before any portion, exceeding fifty thousand dollars, of the sum appropriated for the construction of the New Capitol should be expended, full details, plans and specifications of the story of said building containing the legislative halls should be made and approved by the said Commissioners. This requirement of the law was complied with, and the work of construction was prosecuted through the summer and autumn.

The act further provides that "not more than one-half of the said appropriation shall be expended before full details, plans and specifications of the whole of the remainder of said building shall be made and approved in writing," by the Commissioners. This requirement has not, as yet, been complied with, and the work upon the Capitol has been suspended. The plans and specifications have been prepared by the architect, and were submitted to the Commissioners on the 15th day of December, 1875, but they have not, as yet, been approved by the Commissioners.

The determination of all the details of so extensive a building will require much careful consideration.

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It is the intention of the Commissioners, before approving the plans for the completion of the New Capitol, to ascertain and report to the Legislature the cost of execution; they are now, as I am informed, engaged in this very necessary preliminary work.

INSANE ASYLUMS AND REFORMATORY.

Four State institutions are in process of construction — three asylums for the insane and a reformatory. It might have been supposed that such an extensive provision for the insane as is contemplated in these three institutions could not become necessary on the instant, and that common prudence would have dictated that one institution should be completed before another was begun. But, unfortunately, not even the sacred influences of charity could save these works from the spirit of legislative log-rolling, or the rapacity of local expenditure.

The policy of beginning everything and finishing nothing has prevailed. Construction has been on a scale of costly extravagance.

At the last session two and three-quarter millions of dollars, raised by taxes, had been expended on these four institutions, and about $450,000 raised by taxes and appropriated remained unexpended, and yet no considerable part of these works had been made available.

The plan was adopted at that session of confining the appropriations for the year to such sums as would make available and bring into use the portions of the structures most nearly approaching completion.

The construction of the other portions of those buildings, if they are to be completed according to the present plans, may be deferred until after the extinction of the bounty debt in 1877.

The interval will afford an opportunity to revise the whole policy of the State in respect to these institutions, and to reconsider the plans and methods of their construction.

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The expenditures thus far are as follows:

Hudson River Asylum:	
Total expenditure to December 20, 1875.....	$1,337,978 52
Buffalo Asylum:	
Total expenditure to December 20, 1875.....	767,351 91
Middletown Asylum:	
Total expenditure to December 20, 1875.....	454,099 38
Elmira Reformatory:	
Total expenditure to December 20, 1875.....	760,117 98
Total.....	$3,319,547 79

The cost of completing these buildings is as yet a matter of conjecture; it probably would exceed what has already been expended.

It is quite clear that an outlay of $5,000 per inmate, for the purpose of providing shelter for the unfortunate objects of public charity, is unreasonable and extravagant. That would be equal to $25,000 for five persons, which compose the average family in this State. How many families of laborious and thrifty producers can afford to live in a house costing $25,000?

In 1865, less than one-sixtieth of the houses of this State were of stone, and their value was about $10,000 each, or $2,000 for each inmate. Those of brick, which are about one-eighth of the whole number, were valued at $6,000, or $1,200 for each inmate. Those of wood, which are three-fourths of the whole number, were valued at $1,100, or $220 for each inmate.

I deny that there is any sound public policy in erecting palaces for criminals, for paupers, or for the insane. A style of architecture simple, and fitted to the nature of its object, would reconcile artistic taste with justice toward the industrious producers, on whom falls the burden of providing for the unfortunate. Waste in such edifices is not only a wrong to the tax-payers, but by just so much it consumes the fund which the State is able to provide for the objects of its charity.

Nor does the mischief stop with the completion of costly dwellings. The State still has to provide annually for the support of their inmates. By an inevitable association of ideas in men's minds,

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magnificent homes lead to magnificent current expenditure. The pride of officers and managers, and of local admirers, and the zeal of benevolence, are freely indulged where they are gratified without expense to those who are swayed by them.

It is to be remembered that, after all, the burden of taxation is chiefly not upon accumulated wealth, but upon the current earnings of the million who carry on their productive industries in frugal homes. They ought not to be the only class disfavored by the policy of the State.

STATE PRISONS.

The following statement shows the expenditures and earnings of each of the prisons for the year ending September 30, 1875:

	Advances from the treasury.	Received from earnings.	Excess of expenditures.
Auburn	$208,719 35	$76,935 62	$131,783 73
Clinton	328,638 13	133,446 25	195,191 88
Sing Sing	341,826 20	158,596 64	183,229 56
Miscellaneous expenditures not distributed, including $28,144.50 for transportation of convicts	35,344 50	.....	35,344 50
	$914,528 18	$368,978 51	$545,549 67

The excess of advances from the treasury over receipts from earnings is as follows:

In 1867 it was	$366,874 79
In 1868 it was	512,547 74
In 1869 it was	595,774 45
In 1870 it was	461,304 99
In 1871 it was	470,309 23
In 1872 it was	465,881 84
In 1873 it was	597,289 06
In 1874 it was	588,537 42
In 1875 it was	545,549 67

The number of convicts in each of the prisons, September 30th, 1873, 1874 and 1875, was as follows:

	1873.	1874.	1875.
Auburn	1,104	1,202	1,312
Clinton	567	552	553
Sing Sing	1,354	1,306	1,616
Total	3,025	3,060	3,481

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Although the burden imposed upon the tax-payers of the State by these institutions has been slightly decreased within the last three years, I think the people ought not to be satisfied with the present exhibit.

Under a proper system, and with proper management, the prisons of the State, filled, for the most part, with able-bodied men, ought to be self-supporting, if, indeed, they ought not to produce a considerable revenue to the State. Other institutions of a like character, and possessing, in some respects, less advantages, impose no burden upon the people, and one conspicuous institution in this city affords a surplus to the county.

I recommend that a thorough inquiry be made with respect to the management of the State prisons in such manner as the Legislature may think best, to the end that such reforms, both in legislation and in administration, may be accomplished as are necessary to produce the desired result.

I also recommend to your adoption the resolution passed at the last session, and which requires your concurrence, for submitting to the people the constitutional amendment therein contained relating to the State prisons.

SALT SPRINGS.

The quantity of salt from the Onondaga Salt Springs, inspected during the last fiscal year, was 6,589,676 bushels, less by 1,515 bushels than the production of the preceding year.

The net revenue from this source was $5,148.32, showing a falling off, as compared with the preceding year, of $5,193.35.

It is represented by the Superintendent that a considerable outlay will soon be necessary for repairing and renewing the machinery connected with the works and for completing the sinking of new wells.

I recommend that an investigation be had with respect to the necessity of such expenditure, the best method of operating the works and the general management of the concern.

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QUARANTINE.

The payments from the State Treasury for this object during the fiscal year ending September 30, 1875, were:

Advances to Commissioners for maintenance of Quarantine establishment	$48,000 00
Salaries of Commissioners	7,500 00
Commissioners appointed to confer with the authorities of New Jersey on jurisdiction	3,000 00
Pay of police	3,953 18
	$62,453 18

It seems to me that this establishment ought to be made self-supporting. To that end, I commend the subject to your consideration.

THE NATIONAL GUARD.

The National Guard of this State consists of eight divisions, eighteen brigades, one regiment and ten separate troops of cavalry, eleven separate battalions of artillery, and twenty-five regiments, twelve battalions and seven separate companies of infantry. They comprise 1,505 commissioned officers and 17,908 non-commissioned officers, musicians and privates. The aggregate force is 19,413.

The condition of the guard, as respects organization and discipline, is eminently satisfactory.

The cost of armories and the charge for the rent of such as were occupied under leases in the city of New York had become a serious burden and a gross abuse. Contracts marked with extravagance and improvidence, with favoritism and corruption, had been made. They had become the subject of litigation, and were generally held by the courts to be illegal and void. The rentals claimed are about $275,000 per annum. The claims for arrears of rent amount to about $700,000; and the rent to accrue, if the leases should be retained until their terms expire, would be an additional $1,000,000.

The fair rent of an armory where property is so valuable as in the city of New York is so considerable that regiments which are reduced to mere skeletons cannot be kept in existence without

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injustice to the tax-payers of the city. For this reason six of the sixteen regiments and battalions of the first division, which consists of the city of New York, have been disbanded. As the city owns four armories, there will be but six instead of twelve regiments to be provided for. It is hoped that the charge on the city treasury can be reduced to less than a quarter of its former amount. This necessary measure could not be executed without inflicting some wounds in particular cases; and I share the sense of sacrifice of personal associations and patriotic memories.

COLLEGES AND ACADEMIES—HIGHER EDUCATION.

The reports to the Regents of the University from the colleges of the State, show a gratifying increase of numbers both of students and graduates. Many of the colleges have received from private liberality additions to their endowments which place them in a condition of comparative independence. The character of instruction is elevated and strengthened, the courses are more comprehensive and better adapted to the demands of the age.

The attendance on the academies and high schools does not much vary from that of the preceding year. These institutions, occupying an intermediate place between the colleges and the common schools, provide for the wants of those who desire more than the latter can furnish, and who are not able to meet the expenses or to give the time required by the courses of the former.

The State Library and the State Cabinet of Natural History, have received valuable additions. Their condition will be exhibited in the reports of the trustees soon to be presented.

COMMON SCHOOL STATISTICS.

For the Year ending September 30, 1875.

Total receipts, including balance on hand September 30, 1874	$12, 516, 362 96
Total expenditures	11, 365, 377 79
Amount paid for teachers' wages	7, 843, 231 67
Amount paid for school-houses, repairs, furnit're, etc.	1, 844, 347 20
Estimated value of school-houses and sites	36, 393, 190 00

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Number of school-houses	11, 787
Number of school districts, exclusive of cities	11, 283
Number of teachers employed for the legal term of school	19, 157
Number of teachers employed during any portion of the year	29, 977
Number of children attending public schools	1, 058, 846
Number of persons attending Normal schools	6, 207
Number of children of school age in private schools,	135, 093
Number of volumes in school district libraries	812, 655
Number of persons in the State between the ages of five and twenty-one years	1, 579, 504

STATE TAXES IN AID OF COMMON SCHOOLS.

The following statement shows the amount produced annually by the ¼ mill tax for the support of common schools, as provided by chapter 180, Laws of 1856:

1857	$1,074,982 20
1858	1,053,680 74
1859	1,053,873 04
1860	1,064,473 14
1861	1,081,325 57
1862	1,086,977 96
1863	1,090,841 11
1864	1,125,749 90
1865	1,163,159 76
1866	1,148,422 22

The following shows the amounts produced by the 1¼ mill tax for this object, as provided by section 3, chapter 406, Laws of 1867:

1867	$2,080,134 65
1868	2,207,611 42
1869	2,325,150 96
1870	2,458,751 48
1871	2,565,672 37
1872	2,610,734 31
1873	2,662,032 98
1874	2,711,634 84
1875	2,959,725 13

NOTE.—The amount raised by State tax for the support of common schools, prior to the Act of 1856, was $800,000 annually. (See section 1, chapter 180, Laws of 1856.)

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THE METHOD OF APPROPRIATIONS.

A standing appropriation, such as used to exist before 1846, is prohibited by the Constitution, which requires a revision of old apropriations at the expiration of every two years. The system of making formal appropriations in obedience to a standing law, is liable to the objection that it practically defeats the policy of this constitutional provision. The Legislature does not in fact reconsider, each time, how much ought to be appropriated to the object, but mechanically conforms to the standing law which fixes the rate. The assessors become in effect the power that determines the taxes.

It cannot be supposed that the real value of property subject to taxation has increased during the period when nearly a million has been added to this item of them by nominal enlargements of the valuation. Nor can it be doubted that, in all business, equal services can now be obtained at less prices than 1867. The appropriation ought to be for a specific sum, and the taxes adjusted to provide that amount.

STATE CERTIFICATES.

An act amendatory (chap. 567) of the general school law was passed at the close of the last session, and became a law by receiving the Executive signature on the 9th of June, 1875. The fifth section of that act made a material change in the law regulating the granting by the State Superintendent of certificates of qualification to teach. That officer was authorized by section 15 of the general school act, passed May 2, 1864, to grant certificates "on the recommendation of any school commissioner or on other evidence satisfactory to him."

A clause authorizing the State Superintendent to issue, "in his discretion," certificates of qualification to graduates of any seminary of a private corporation, known as the Sisterhood of Grey Nuns, on their filing with him their diplomas, appears in an amendment of the charter by chapter 353 of the Laws of 1875, which became a law on the 15th of May. This provision did not purport to make a person having such diploma a qualified teacher, like a person having a diploma of a State Normal School, but merely vested the State

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Superintendent with a discretion to grant to such person a certificate of qualification. That power the Superintendent had before, and has had for the previous eleven years. The provision had no real effect; it conferred no new power on the Superintendent; it added nothing to his existing power; but it bore the appearance of a special grant of a privilege to one corporation; which may be presumed to have escaped attention, for the bill passed the Assembly once and the Senate twice by the affirmative vote of every member present. But the discretionary power of the Superintendent, under the law of 1864 and under this act, was afterward completely abrogated by the law of the 9th of June. He was prohibited from granting any certificates except on public examination. The law of the 9th of June was later that the Grey Nuns' act, and repealed the clause of that act which authorized the Superintendent, in his discretion, to grant certificates to graduates of the seminaries of the Grey Nuns' corporation. It went further. It repealed the power which he had under the law of 1864 to do the same thing. If the Grey Nuns' corporation derived any special privilege from the act of the 15th of May, that privilege was destroyed by the law of the 9th of June. A uniform rule is now made applicable to all.

This result is in accordance with the policy of this State as established by the recent constitutional amendment relating to the public schools, which has been and is to be obeyed and executed in good faith.

PAUPERISM.

The report of the State Board of Charities will be presented to the Legislature, and I commend it to your earnest attention.

The question, as to the proper mode of providing for the chronic poor, is addressed not only to the conscience and the feelings, but to the reason and the judgment. It is a question not so much of philanthropy as of political economy. The members of the board bring to its discussion great zeal, large experience, and rare intelligence. Without committing myself to the support of all their recommendations, I ask your thoughtful consideration of their suggestions.

The act of 1875, providing for the separation of pauper and

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destitute children from the adults of the same class, has been put in general operation, but years must elapse before its beneficial results will be fully apparent. This legislation has met with warm approval in other States, and will, no doubt, be followed by many of them at an early day. It remains in this State to secure the separation of children convicted of petty offenses from older offenders, while confined in our penal institutions.

The subject of providing work for paupers, especially of the class styled "tramps," is commended to your consideration. Even if their earnings were small, the fact that this class of persons were compelled to labor in return for their subsistence, would, doubtless lessen the number of applicants for admission into our poor-houses, and for outside relief, and would induce many of them to apply themselves to regular employments.

I renew the recommendation made in my last annual message for a thorough revision of the poor laws.

THE STATE CENSUS.

The census taken during the last summer makes the population of the State 4,705,208. The utility of the information it collects, aside from the primary object of providing the means for a re-apportionment of the representation in the Legislature, depends largely upon the promptness with which the compilations are made and furnished to the public. I recommend that provision be made to complete the work as early as the first of next December, and that the requisite appropriation for that purpose be made.

MUNICIPAL GOVERNMENT.

A commission to consider this important and interesting subject has been appointed under the joint resolution of the last session and is organized and holding its sittings. The restrictions necessary to arrest the creation of municipal debts, which has become a grave evil, affecting one-half of the people of this State, and calling urgently for redress, may well command the attention of the Commission and of the Legislature, independently of the complicated questions involved in the structural organization of municipal government and the distribution of its powers.

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CENTENNIAL EXHIBITION.

A State Centennial Board for New York has been appointed, under chapter 525 of the Laws of 1875, to represent this State, in co-operation with the Centennial Commission appointed by the President of the United States, in the preparations for and at the international exhibition, to be held at Philadelphia, in commemoration of the one hundredth anniversary of the Declaration of Independence. The event not only appeals to the people of the whole United States by the patriotic associations which attend it, but it will be an occasion of unprecedented interest in the opportunity it affords to all our citizens of a personal inspection of the progress and state of the industrial arts in all the countries of the civilized world.

BANKS.

Eighty-four banks were doing business under the laws of this State on the first of October last. Eight banks organized and commenced business during the fiscal year ending October first. During the same time one bank failed, and three were converted into national banks.

Circulating notes to the amount of $9,314 were destroyed by the Bank Department, and forty-four banks were credited with lost circulation during the year to the amount of $246,649, the time for redeeming the same, after the usual legal notice, having expired. The amount of circulation outstanding was, on the first day of October last, $849,226.50. Of this amount, the sum of $218,528 was secured by deposits of cash, stocks, or stocks and mortgages. The balance, $630,698.50, is not secured, it having been issued by banks chartered previous to the passage of the free banking law. There remain but twenty-three of these banks that have not taken steps to finally redeem their notes.

SAVINGS BANKS.

There were one hundred and sixty savings banks on the first day of July last. Of these five were in process of closing their business. Five have since closed, three by reason of insolvency. The

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new general law for the regulation of savings banks, does not require them to report in July, as they have formerly done. The aggregate of assets of these institutions, as appeared from informal reports made to the Bank Department for the first of July last, was $336,308,236.43. Their deposits amounted to $316,335,617.82, belonging to 891,992 depositors as represented by the number of open accounts on that date. The increase in deposits during the six months ending July 1, last, was upwards of twelve millions of dollars, and the number of depositors or open accounts, increased, during the same time, 19,494. The total increase in deposits during the year 1874, was $18,415,564, and, in the number of depositors, 33,026. The aggregate of assets, as shown above, for July last, was not made up in the same manner as that for January 1, last, therefore such aggregate cannot be used for the purpose of comparison. The estimated amount of such assets, on the first of July last, may, however, be stated at three hundred and forty millions of dollars.

RECOMMENDATION AS TO SAVINGS BANKS.

It will be observed that the number of depositors in the savings banks in this State is larger than the number of electors who have ever voted at an election; and that the aggregate of their deposits is more than one-eighth of the assessed valuation of all real and personal property.

In view of the fact that these are the savings of the industrious poor, who are less able to assert and protect their own interests than any other class of holders of such vast amounts of property, it is an especial duty in our legislation to shield them from injustice. The absolute safety of their deposits is an incentive to make savings, which is an important object of public policy.

Frequent reports by these institutions should be required. The provisions regulating the character of their investments should be revised with a view to secure greater safety. New guards should be instituted against the tendency of administration to fall into favoritism toward the officers, sure to prove dangerous to the trust; and it should be inquired, in view of the recent and numerous fail-

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ures, what defects may be shown to exist in the present law, and whether further penalties, in respect to maladministration, can be provided.

I commend the subject to your consideration.

TRUST, LOAN AND INDEMNITY COMPANIES.

There were eleven trust, loan and indemnity companies reporting to the Bank Department, July 1, last, one having closed its business during the year preceding. A new trust company began business September 1, 1875, whose capital is not included in the summary. The aggregate capital of these corporations, paid in, as shown by their reports, was $11,584,475. The total amount of their assets was $69,654,948, and the amount due from them to their depositors was $50,365,569.

The estimated amounts of assets, held July 1, by banks, savings banks, trust, loan, and indemnity companies, was $520,000,000. The amount due to their depositors was, approximately, $432,000,000; and their profits, including surplus fund, may be estimated at $39,000,000.

INSURANCE COMPANIES.

The number of insurance companies subject to the supervision of the Insurance Department, on the 19th day of November, 1875, was 281, as follows:

New York Joint Stock Fire Insurance Companies	102
New York Mutual Fire Insurance Companies	8
New York Marine Insurance Companies	9
New York Life Insurance Companies	22
New York Plate Glass Insurance Company	1
Fire Insurance Companies of other States	91
Marine Insurance Companies of other States	1
Life Insurance Companies of other States	25
Casualty Insurance Companies of other States	4
Canadian Fire Insurance Companies	3
Foreign Fire Insurance Companies	11
Foreign Marine Insurance Companies	4
	281

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The total amount of stocks and mortgages held by the Insurance Department for the protection of policy-holders of fire, life and casualty insurance companies of this State and of foreign Insurance companies doing business within it, was $11,036,053, as follows:

For protection of policy-holders in fire insurance companies of this State	$400, 000
For protection of policy-holders generally in life insurance companies of this State	3, 790, 091
For protection of registered policy-holders exclusively,	3, 184, 542
For protection of casualty policy-holders, exclusively,	1, 000
For protection of plate-glass policy-holders, exclusively,	50, 000
For protection of fire policy holders in insurance companies of other States	60, 000
For protection of fire policy-holders in insurance companies of Canada	643, 120
For protection of fire policy-holders in foreign insurance companies	2, 604, 300
For protection of life policy-holders in foreign insurance companies	303, 000
Total deposit	$11, 036, 053

The assets of the life insurance companies of this State amount to nearly two hundred millions of dollars; the amount insured by them to one thousand millions; and their annual receipts to more than sixty millions. The magnitude of these sums, and the duration and fiduciary character of the engagements of these corporations, make it specially important that the interests of the policy-holders should be guarded with jealous care.

DEPRESSION IN BUSINESS.

It cannot be doubted that large classes of our people are suffering great inconvenience from the present state of trade and of manufacturing and mechanical industry, and from the decay of numerous enterprises. Few kinds of business have been recently carried on at a profit. Labor finds scanty employment even at reduced wages. Incomes are lessened or fail altogether. Many investments have become wholly or partially unremunerative. Property is shrinking,

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losing for the time its circulatory character, and becoming unavailable as a resource to pay debts or to raise money. It is not a convulsion but a partial paralysis. There is nothing of what is called a pressure for money; there is no panic; but a fear to lend except on certain security; and a timidity in borrowing for new undertakings by most persons of prudence or credit.

CAUSES.

It is to be hoped that amid these evils, the germs of a better future are springing up, to renew in their origin the elements of individual and social prosperity; but in the meantime attention is naturally drawn to the causes of a state of things which inflicts so much distress. Such seasons have recurred at intervals in the experience of this and other countries. They have usually been produced through the destruction of large masses of capital by wars, revolutions, conflagrations, or failure of crops, or by a temporary mania for bad investments, or by violent reactions of credit. The known facts of our recent business history leave no doubt as to the origin of the state of things we are now experiencing.

WASTE OF NATIONAL CAPITAL BY EXCESSIVE GOVERNMENTAL CONSUMPTION.

Eleven years ago our country emerged from a vast civil conflict, in which its aggregate wealth had been impaired to the extent of probably two thousand millions of dollars by a governmental consumption exceeding the whole net income of the people; to say nothing of the destruction of property, industries and productive capacities incident to military operations.

Never was it more necessary that peace should bring healing on its wings.

To replace the capital destroyed, to restore the elements of future natural growth, should have been the object of our policy. A prompt reduction of the enormous governmental expenditure was the first condition. A renewal of the industries of the great communities of the South, which produce so large a share of our exports and raw material, was of great importance. Energy, skill and econ-

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omy in production, and frugality in private consumption, the wise conduct of business, and a judicious application of capital and labor were essential. These chief elements of private prosperity were dependent upon public conditions. They were to be promoted by sound government finance, by good methods of revenue — not unduly swelling the cost of the taxes to those who pay them beyond their produce to the treasury; by a discreet management of our vast fiscal operations, and of the currency and of the banking system; by a sober and stable governmental policy — not stimulating to speculative adventures, not inciting miscalculations in business, not enhancing charges for services and risks in commercial transactions.

How completely these conditions have been reversed during the eleven years since the war, appears in a retrospect of the actual events of that period.

PRESENT SCALE OF GOVERNMENTAL EXPENDITURE.

The extravagance of our governmental consumption is illustrated by a comparison of the public expenditures of 1870, five years after the close of the war — with those of 1860 and 1850:

	TAXES IN THE UNITED STATES.		
	1850. Gold.	1860. Gold.	1870. Currency.
Federal	$40,000,000	$60,010,112	$450,000,000
State, County, City and Town	43,000,000	94,186,746	280,591,521
	$83,000,000	$154,196,858	$730,591,521
Population	23,191,876	31,443,321	38,558,371
	TAXES PER HEAD.		
Federal	$1 72	$1 91	$11 67
Local	1 85	2 99	7 24
	$3 57	$4 90	$18 91

AGGREGATE TAXATION OF ELEVEN YEARS.

The aggregate federal taxation of the eleven years now closing, computed in currency, from the official statements, is more than $4,500,000,000. The local taxation, assuming the census statement for 1870 as an average, is more than $3,000,000,000. The aggregate taxation exceeds $7,500,000,000.

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ITS RELATION TO NATIONAL SAVINGS.

The daily wants of the masses of mankind, even in the most productive and prosperous countries, press closely upon their daily earnings. It is only a small portion of their currrent income which they are able to save and to accumulate.

In Great Britain and Ireland, despite the wealth, which their people have long been storing up, especially in machinery and moneyed capital; despite the yearly influx of one hundred and fifty millions of dollars from interest on investments in other countries, the annual growth of wealth from the savings of all their people is not deemed by the best authorities to exceed six or seven hundred million dollars.

The accumulated wealth of the United States is the result of a shorter period of growth, and is less in amount. We have to pay to foreign creditors annually, in coin, more than $100,000,000. We are richer in the natural powers of the soil; and our labor is, on the whole, more efficient. We earn more, but have less disposition to save, and less of the habit of saving.

SUCH CONSUMPTION GREATLY EXCESSIVE.

A governmental consumption in every year, in bad as well as good years, must be considered greatly excessive when it amounts to a share of the national earnings larger than the whole people are able to save in prosperous times for all new investments; for erecting dwellings and other buildings; for improving farms, increasing the stock of live animals and of agricultural implements; for all manufacturing and mechanical constructions and machinery; for all warehouses and stores, and increased supplies of merchandise; for ships and steamers, and telegraphs, and railroads, and their equipments; for all objects which individual and corporate enterprise provide for the future, in the progress of a populous and rapidly growing community.

INCIDENTAL EVILS.

Such taxation is in itself a monstrous evil; and its incidents aggravate its direct injuries. When the exaction from the people

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was, as in 1860, one-quarter of its present amount per head, even if it were unscientific and unskillful in the levy, the mischief was comparatively inconsiderable. But with the quadruplication of the exaction, the difficulty of obtaining good methods of imposing it, is greatly increased; and the mischiefs of bad methods become well nigh intolerable.

When governments take from the people, for official expenditure, nearly all the surplus earnings of individuals, science and skill in the art of taxation become necessary — necessary to preserve and enlarge the revenue — necessary to gild the infliction to the tax-payers. Our present situation is that we have more than European burdens, as seen in the most costly governments of the richest of modern nations supporting immense navies and armies and public debts; and to these burdens we have conjoined an ignorance and incompetency in dealing with them, which is peculiarly our own. We have not yet acquired the arts belonging to a system which the founders of American government warned us against, and fondly believed would never exist in this country.

SACRIFICE CAUSED BY UNSKILLFUL MODES OF TAXATION.

The consequence is that the pecuniary sacrifices of the people are not to be measured by the receipts into the treasury. They are vastly greater. A tax that starts in its career by disturbing the natural courses of private industry, and impairing the productive power of labor, and then comes to the consumer, distended by profits of successive intermediaries, and by insurance against the risks of a fickle or uncertain governmental policy, and of a fluctuating governmental standard of value — blights human well-being at every step. When it reaches the hapless child of toil, who buys his bread by the single loaf and his fuel by the basket, it devours his earnings and inflicts starvation.

A GOVERNMENTAL CLASS OF TAX CONSUMERS.

Another evil of such a system of excessive taxation is, that it creates and nourishes a governmental class — with tendencies to lessen services and to enlarge compensation, to multiply retainers, tc

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invent jobs and foster all forms of expenditure — tendencies unrestrained by the watchful eye and firm hand of personal interest, which alone enable private business to be carried on successfully. In other countries such a class has found itself able, sometimes by its own influence and sometimes in alliance with the army, to rule the unorganized masses.

In our country it has become a great power, acting on the elections by all the methods of organization, of propagating opinion, of influence, and of corruption. The system, like every living thing, struggles to perpetuate its own existence.

Every useful and necessary governmental service, at a proper cost, is productive labor. Every excess beyond that, so far as it is saved by the official, merely transfers to him what belongs to the people. So far as such excess is consumed, it is a waste of capital, as absolute, as if wheat of equal value were destroyed by fire or gold were sunk in the ocean.

WASTE LARGER THAN NATIONAL DEBT.

Probably such waste by governmental expenditure in the eleven years since the war, amounts to at least as much as our present national debt.

MISGOVERNMENT IN THE SOUTH.

It cannot be doubted that the systematic and extreme misgovernment imposed on the States of the South has greatly detracted from our national prosperity. In those impoverished communities it has not stopped with the ordinary effects of ignorant and dishonest administration. It has inflicted upon them enormous issues of fraudulent bonds, the scanty avails of which were wasted or stolen, and the existence of which is a public discredit, tending to bankruptcy or repudiation. Its taxes, generally oppressive, in some instances have confiscated the entire income of property, and totally destroyed the marketable value.

ITS EFFECTS.

In a region five times as large as the British Isles and three times as large as France, abounding in all the elements of natural

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wealth, it has destroyed confidence and credit in all transactions, diffused uncertainty and distrust everywhere, and consumed existing capital while retarding production and paralyzing the enterprise by which such waste might be repaired and future growth assured.

HOW IT IS MAINTAINED.

This system, after its character became known to us as well as to those directly affected, abhorred by all the intellect and virtue of the communities in which it exists, and by their public opinion, has been maintained through long years by the favor and patronage of the federal government—by the moral coercion of its prestige—by the standing menace and occasional exercise of its military power.

INJURY TO OUR OWN PROSPERITY.

It is impossible that such wrongs should not react upon us. The immediate sufferers by it are the producers of four-tenths of the exported commodities, excluding specie, of our whole forty millions of people, and of the most important raw materials of our own domestic manufactures. They are agricultural communities, which, more than any others, sell what they produce and buy what they consume. They are our most valuable customers for the products of our own industries and for our merchandise; and they make us factors in all their transactions. The State of New York, which contains the commercial metropolis, receives the largest injury; but its consequences extend throughout the whole country.

EXCESSIVE SPECULATION.

Other influences have been at work to deteriorate the financial condition of our people. The period has been full of tendencies to unsoundness in the management of private business, and in the habits of families and individuals.

A series of speculative excitements has incited to enterprises which have turned out to be unremunerative, and to investments which fail to yield revenue and have lost their salable value. The capital embarked in such undertakings is destroyed. Large classes

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find their incomes diminished, and their convertible property reduced.

OVERTRADING.

Even the operations of regular business partook of the spirit of the times, and became too much expanded. Profits which came in part from the swelling of nominal prices, tempted those who were unexpectedly enriched to count on their continuance, and to enlarge their undertakings or engagements under that illusion.

One who had half his capital invested in land and buildings and machinery, which is called fixed capital — and half invested in raw materials and funds to employ workmen, which is called circulating capital, and was doing a safe and easy business — was induced, for the purpose of enlarging that business, to double his investment in fixed forms. He, therefore, needed double the circulating capital; and instead of owning it all, had to borrow it all. The turn of the times disabled him from selling an enlarged product, or perhaps even an equal product, or of selling without loss; and when he needed loans to double the amount of his former floating capital in order to carry on his business and more in order to hold his product for a revival of the market — he found that lenders had become timid.

Another discovered that an enterprise which may be good takes longer to bring returns than he anticipated.

Another began when credit was easy and failed to foresee how changeable that condition is; and, even though his hopes of profit were undiminished, found it difficult to carry his loans.

EFFECTS GENERAL.

When large classes suffer under the effects of these miscalculations, the influence will extend, more or less, to nearly all the community.

A period of falling prices following a period of rising prices, generates such results. Great fluctuations in the hopes and opinion of the public, creating vicissitudes of credit, are the secondary cause, as they are themselves the results of some primary cause.

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EXAGGERATED COST OF MIDDLEMEN.

An outgrowth of the same morbid condition is the unusual and unreasonable disparity now existing between the wholesale price which the producer receives, and the retail price which the consumer pays. No doubt prolonged fluctuation in prices tends during the upward movement to increase the charges of middlemen, and to enlarge the class. But the root of the evil is the uncertainty and instability. The importer adds to the price of every article he imports, the exporter reduces the price he pays for every article he exports; as insurance against the possible variation in the value of greenbacks when converted into the money of the world, and against the possible changes of governmental policy at Washington.

Nor can it be doubted that the condition of things has been unfavorable to economy and efficiency in the management of business, to frugality in private expenditure and to energy in production.

Such are the immediate causes which have occasioned excessive and unnatural consumption of our national capital, and which have retarded the natural processes of repair and growth during the last eleven years.

What are the ultimate causes, and what are the remedies?

NEW YORK'S INTEREST IN THESE QUESTIONS.

To the people of this State these are interesting inquiries. In 1874 our State tax was nearly $16,000,000. Our local taxes were over $42,000,000. Our share of the taxes of the federal government, on the average of eleven years, if computed on population, would exceed $50,000,000, or if computed on consumption, according to the estimate of the Finance Committee of the Constitutional Convention of 1867, would for the year exceed $80,000,000.

ACTION OF FEDERAL GOVERNMENT THE ULTIMATE CAUSE.

The federal government has the direct and exclusive responsibility for its own immense expenditure, and for its calamitous policy in respect to the great producing States of the South.

It has likewise controlled the currency and the banking of the

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country. It has been the principal dealer in the precious metals. It has conducted vast fiscal transactions. Its financial secretary has held in his hand, from day to day, the supply and the rates of the loan market in the center of capital and commerce; the terms of our foreign exchanges — the prices of exports and imports — the quality of the circulating medium, the fluctuating standard of values recognized by law as the rule in all dealings and all contracts.

By the force of its example; by its ascendency over opinion acquired in a period of public danger, during which the people formed the habit of following its leadership; by its means of propagating the ideas according to which its own operations were conducted; by all these, as well as by the direct effects of its action, its measures, and its policy, the federal government has, therefore, practically dominated over all business and all industries, and created conditions which shape the conduct of individuals in their production and consumption, and of local governments in their expenditures, taxation and creation of debt.

FALSE REMEDIES.

It is natural that such a condition of men's business affairs should be prolific of illusory and mischievous schemes for relief. A vague notion is extensively entertained that a new issue of legal tender notes would afford an effectual remedy. This fallacy is largely due to the false theory pervading nearly all the literature of political economy as to the agency which the quantity of the currency, even when equivalent to coin, has in causing cycles of high and low prices.

ERRONEOUS THEORY.

As high prices and expanded currency and low prices and contracted currency have been usually found together, the effect has been mistaken for the cause. It is often assumed that the banks, even when redeeming their notes in coin, can expand their issues in excess of the needs of the community, and thereby originate and consummate a general and prolonged rise of prices.

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ANALYSIS OF THE FACTS.

An analysis of the function of the convertible bank note, or of the processes by which cycles of high prices occur, will equally confute this opinion. A study of the order of the events which have happened in periods of rising prices in England and the United States, under a convertible currency — shows that usually the speculative movement, at all stages, precedes the increase of bank notes.

BANK NOTES AN INSIGNIFICANT PART OF CREDIT MACHINERY.

The convertible bank note is but a small portion of the instruments of credit used in a commercial country. It is adapted to the wants of persons who do keep bank accounts, and the wants, in petty transactions, of those who do keep bank accounts. It bears no interest; and the holder has a motive to keep on hand only so much as he thinks he may require for expected or possible purchases or payments, and to invest or lend the surplus so that it will become productive.

If a bank lends its note to a borrower to make a payment or a purchase, the use for that purpose is but for an instant. Unless the note is received by or passed to some person who detains it for a future purpose, it immediately goes back to the issuer through the exchanges with other banks It has to be redeemed by reducing other loans, or by a temporary loss of a portion of the usual reserve of the issuer. The life of a bank note is made up of a succession of instantaneous uses, alternating with a succession of prolonged detentions.

The quantity that will stay out at any given time depends mainly on the expectancy of individuals as to future transactions, and, in a lesser degree, on the state of prices, which vary the amount used in the same transaction. In times of rising speculation, the wants of the community absorb a larger quantity. Each transaction employs an amount enlarged in proportion to the enhanced prices; transactions become more frequent, and the detentions of the means of future transactions are increased by a greater disposition to make them, and less care to economize interest.

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It is the competition of buyers which puts up prices in a period of speculation. Bank notes have infinitely less to do with originating speculation, or even furnishing the means whereby it can be sustained, than the other parts of the machinery of credit.

Bank notes, or currency, as they are called, are but an insignificant portion of the means of purchase or payment. The transactions effected by check, operating to transfer bank deposits, in the city of New York amount now, in every eight days—and some years ago amounted in every five days—to as large a sum as all the legal tenders and bank notes in the hands of the people of the whole United States. The payments effected at the London clearing-house amount in every two days to as much as the whole circulating medium of the United Kingdom. The other instruments of credit by which business is carried on—such as book accounts, notes of hand, bills of exchange, drafts, checks on bank deposit — are thus many times the volume of bank notes.

OTHER INSTRUMENTS OF CREDIT PREFERRED.

Speculative purchases are nearly always initiated by the use of personal credit. In such times confidence is high; credit is freely given and readily accepted. The transactions are generally made on book accounts or notes of hand. These are at the command of the buyers in unlimited amount, and without delay or inconvenience. Bank credits called deposits — like bank notes — can be obtained only by borrowing. For such purposes bank notes are only used in small transactions, and to a comparatively insignificant extent.

BANK NOTES SLOW AND DIFFICULT OF INCREASE.

The issue of bank notes, if not limited to a fixed amount, is generally restrained by laws which require a deposit of securities with the government; and the process of issue is so slow and inconvenient that a sudden and large increase is not possible. Those that are in the hands of the public cannot easily be collected in large amounts, but are scattered in small sums among millions of holders throughout a continent.

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CONCLUSION.

On the whole, then, it is demonstrable that bank notes or currency, when convertible, have less agency in originating or facilitating a general speculation than any other portion of the vast machinery of credit of which they form so inconsiderable a part. The false theory, that they are the master-cause of prices and fluctuations of prices, and that a governmental regulation of their volume will avert the tremendous vicissitudes in business to which commercial countries, carrying on vast credit transactions, are periodically subject, was the basis of the plan adopted in 1844, on the recharter of the Bank of England. The theory was then seen, by a few of the best thinkers, to be destitute of truth. It has since been completely refuted by experience.

A PROLIFIC FALLACY.

In the infancy of the very modern science of political economy, a metaphor was accepted as an axiom. It was said that, if purchasers should suddenly find two gold coins for one in their pockets, they would pay double price for commodities. The proposition has no truth in it, except by assuming as a condition the result to be proved. It would not be true of any one buyer. It could not be true of all collectively, unless a fall in the value of gold had previously happened. The increased quantity could exist only as a consequence of an increased demand at the same value, or of a decline in the cost of production. In modern times, the increase in wealth and commerce is many fold the increase of population. The medium of exchange required is vastly larger than the accumulation of the precious metals; and an increased extension of credit machinery has become necessary. Bank notes, or other circulating credits, costs as much to all save the issuer, as an equal value in coin. They have to be paid for by all who use them.

If individuals prefer to use coin to even a small proportion of their ability, or to hold their savings or reserves in coin; if traders, commercial companies, and governments increase their reserved stocks of bullion to even a small percentage of the extension of their

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operations, the absorption would outrun the production of the precious metals, taking no account of the insatiable demand of the Asiatic nations.

PRICE NOT A RATIO TO QUANTITY.

The fact is that price is not a mathematical ratio to be computed like a logarithm. The variations of the market are estimated by reasoning beings on the best judgment they can form of the happening and the effect of future events. The laws of market or temporary price are different in every case. An excess of oranges which perish in a few days, or of artificial flowers which go out of fashion, is worthless. An excess of gold, which is indestructible, and easy, cheap and safe to hold, involves a loss of interest, at the lowest rate, for the period it is likely to remain on hand.

LAW OF DEPRECIATION OF INCONVERTIBLE CURRENCY.

The depreciation of our legal tender treasury notes, is not to be measured by any arithmetical formula. The law which governs it is the discount for interest until the probable time of payment, and for insurance against risk, as those two elements are estimated by the general judgment of investors. To create a demand for it, by receiving it in government transactions, or to reduce its supply below the demands created by law from individuals for use as legal tenders, is for the government to make an artificial market, which operates, so far forth, as a practical redemption.

HOW ISSUES OF LEGAL TENDERS INFLATED PRICES.

It is consistent with this reasoning to admit and assert that the issue of legal tender treasury notes, during the late civil war, exerted great power over prices. It acted on the public imagination in respect to future values. It excited great distrust that the government, instead of having recourse for its means of war expenditure to the vast mass of our national wealth by loans and taxes, resorted to a debasement of the comparatively insignificant fund of circulating credits, with which private business is carried on. It excited a grave sense of doubt how often, and to what extent, it might recur

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to so dangerous an expedient; great misgiving as to the time and the certainty of ultimate redemption. Under these influences, in the vicissitudes of military operations, the discount became large — touching, at its extreme point, 65 per cent on the par value of the issues.

INFLUENCE OF OPINION AND IMAGINATION.

The human imagination seldom fails to exaggerate any desired or dreaded reality to which it looks forward, and it acts a great part in those cycles of ascending prices and descending prices which happen in highly commercial countries. The origin is in some event creating an anticipation of a rise in the market-value of one or more commodities, which extends as by contagion to others—or in an expectation of a general rise of prices. The upward movement sometimes continues for several years. The excitement begins with dealers for profit or speculation. The instruments of credit first brought into requisition are those which are commonly used by these classes. The small consumers are the last reached. Then bank-notes are expanded, and they generally continue to increase for some time after the downward turn of the speculation.

REACTION.

The reaction would take place by the mere exhaustion of the speculative impulse. Sometimes it does happen without any other cause. A speculative movement, when it ceases to go upward, can but fall. But often some special cause intervenes to precipitate the catastrophe.

CAUSES OF PRESENT REACTION.

In our present case, the most important cause of reaction is the immense waste of our capital, which has gone on in all the modes described, and especially by excessive governmental consumption. An accessory cause is the fall in prices of many of our staples, which are now produced in excess of the capacity of private consumption by an impoverished people. There are also moral causes acting on the public mind. A popular error existed that prices would not fall so long as the volume of legal tenders and bank notes continued undiminished. Many made their business calcula-

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tions on that theory, and are disappointed and their confidence in their own opinions unsettled.

These special causes, in addition to the natural exhaustion of a fictitious excitement, broke the public illusions, which had been generated by false systems and false theories. A great change ensued in the opinion and feeling of the people, in confidence and credit in the voluntary machinery of business, which expands and contracts according to the fluctuating temper and purposes of individuals. A corresponding fall of prices resulted.

CURRENCY EXPANSION FAILED TO STOP REACTION.

But the quantity of legal tenders and bank notes in the hands of the public had not been diminished. The quantity, excluding those held by the treasury and the banks, was larger at the crisis in September and October, 1873, than at any previous time. Yet the continuance of the volume of the currency — the enlargement of it, did not inflate prices — did not even stay the fall of prices.

MODERATE ISSUE FUTILE.

In such a state of facts, it is obvious how utterly futile to arrest; how more than futile to reverse the operation of these potent causes would be a new issue of any moderate quantity of legal tenders.

A sudden and unexpected deficiency of currency sometimes happens; and, before business can be adapted to the new condition, or can find a substitute in some other instrument of exchange, much temporary inconvenience may be felt.

Such a state of things — to which a new issue might be adapted — does not exist. On the contrary, there is assuredly an adequate supply of currency for the wants of business — and even a surplus. In eight years out of ten, the demand for from five to ten per cent additional currency in the autumn to move the crops, creates what is called a "fall pinch." There was none in 1875. The surplus currency previously on hand more than provided for that special temporary demand. The banks continued to lend their balances on call at low rates. The tendency to reduce the circulation because of the lack of profitable employment is still manifest. The New

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York city banks reduced their outstanding notes, between 1873 and 1875, from $28,000,000 to less than $18,000,000.

WOULD NOT RELIEVE EMBARRASSMENT.

Nor would such an additional issue of legal tenders give any direct relief to embarrassed persons. The notes issued would have to be paid for. The difficulty with embarrassed persons is that they have not available property to convert into currency. If they had the conversion could be as well effected with the existing mass of currency as after such a new issue.

Nor would any moderate issue of legal tenders have the least power to revive the condition of business through which we have passed; the condition of high and rising prices — of universal disposition to enlarge operations, undertake new enterprises, and enter into new speculations — of unsound confidence and reckless use of credit; a condition which imparted an apparent but fictitious prosperity to every thing and everybody, and furnished an unnatural market for all property. Experience shows that, after such a state of business, a period follows, in which the opposite ideas and feelings prevail. Such is the case now. With all the agencies having real power to create such a condition of business, operating strongly in the contrary direction, the effort to reproduce that condition by an agency never capable of much effect, would be perfectly futile. If the treasury should pay out a moderate additional quantity of legal tenders, they would not go into circulation or act on prices. They would merely accumulate in the money centers and reduce the rate of call loans of bankers' balances.

INDEFINITE ISSUE WOULD, MODERATE ISSUE MIGHT, CAUSE DISASTER.

It would be only by a large issue, or the menace of a large or indefinite issue, that a decided effect on prices could be produced. That would create alarm of such an impending depreciation as to threaten creditors with a confiscation of their debts, and holders of currency with its loss; and they would hasten to exchange it for property. Any issue, which should act on the imagination, inciting wild estimates or wild fears of the future, might induce a specula-

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tive depreciation of the price of the currency and inflation of the prices of property.

The evil, even of a moderate issue, when the currency already exceeds the wants of business, and the increase cannot be pretended to be for any legitimate purpose, especially if the object of removing individual distress by creating fictitious prices be avowed, is that it strikes at the root of all confidence and all credit. If the principle be once adopted, everybody will inquire how often such an expedient may be repeated, how far it may be carried.

An attempted expansion of the petty volume of the currency, under circumstances which cause a real contraction of the whole vaster volume of credit machinery, which fill all lenders with dismay and which destroy public confidence, hope and faith, that are the basis of credit systems and credit operations, is self-destructive. It can be prolific of nothing but general disaster.

SOUND FINANCE DEMANDED.

The temper which now predominates among the people revolts at financial quackery. It is no longer susceptible to flattering illusions which have exploded amid the wrecks of individual fortunes and private prosperity. It is excessively incredulous. It demands sound measures, such as commend themselves to the judgment of the best intellects and the best experience.

SPECIE PAYMENTS WITHOUT CONVULSION.

After eleven years of convulsion without a restoration of specie payments, it now claims a restoration of specie payments without a convulsion. The problem does not seem difficult. Resumption by the government will accomplish completely resumption by the banks. The treasury has only, by gradual and prudent measures, to provide for the payment of such portion of the outstanding treasury notes as the public, not wishing to retain for use, will return upon it for redemption. The sum required in coin, if the preparations be wisely conducted so as to secure public confidence, will be what is necessary to replace the fractional currency and to supply such individuals as prefer coin to paper for their little stores of

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money; and also what is necessary to constitute a central reservoir of reserves against the fluctuations of international balances and for the banks. To amass a sufficient quantity by intercepting from the current of precious metals flowing out of this country, and by acquiring from the stocks which exist abroad, without disturbing the equilibrium of foreign money markets, is a result to be worked out by a study of all the conditions, and the elements to fulfill those conditions, and by the execution of the plans adopted, with practical skill and judgment. Redemption, beyond this provision of coin, can be effected as other business payments are effected — or in any method which converts investments without interest into investments upon interest, on terms the holder will accept — and by such measures as would keep the aggregate amount of the currency self-adjusting during all the process, without creating, at any time, an artificial scarcity, and without exciting the public imagination with alarms, which impair confidence, contract the whole large machinery of credit and disturb the natural operations of business. The best resource for redemption, is that furnished by public economies; for it creates no new charge upon the people; and a stronger public credit is certain to result from sounder finance, and will reduce the annual cost of the national debt.

EXAMPLE OF FRANCE.

These opinions, deduced from reason, are confirmed, in a recent example, by experience. France, in her ten months' contest with Germany, incurred a war expenditure of one thousand millions of dollars in specie values; and in the twenty-eight months following the peace, paid an indemnity of one thousand million of dollars in specie, or its equivalent, to a foreign country. These great operations were carried on without causing a depreciation of the currency beyond two and one-half per cent at its extreme point; and without disturbing the general business or industry of the people.

OUR GREAT NECESSITY.

What is most needed now is that the public mind be reassured by a wise, safe and healing policy. The dread of imaginary evils

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ascribed to the methods assumed to be necessary to restore specie payments, is more mischievous than the reality, wisely pursued, ought to be. As soon as the apprehensions of an impending fall of values is removed, manufacturing and mechanical industries will start anew, dealers will buy for future consumption, enterprises that commend themselves to the sober judgment of investors will be undertaken, and capital, which now accepts any low rate of interest, where there is no risk, but is withheld from operations of average character, will be lent on reasonable conditions.

TRUE REMEDIES.

But the remedies for the evils now felt by the people in their business and industries must extend beyond any measures merely relating to the currency. They must be broader and deeper. They must begin with a prompt and large reduction in governmental expenditures and taxation, which shall leave in the hands that earn it a larger share of the result of labor. They must proceed by withdrawing, as much as possible, governmental interferences that cripple the industries of the people. They must be consummated with an increased efficiency and economy in the conduct of business and in the processes of production, and by a more rigorous frugality in private consumption. A period of self-denial will replace what has been wasted.

We must build up a new prosperity upon the old foundations of American self-government; carry back our political systems toward the ideals of their authors; make governmental institutions simple, frugal, — meddling little with the private concerns of individuals, — aiming at fraternity among ourselves and peace abroad — and trusting to the people to work out their own prosperity and happiness. All the elements of national growth and private felicity exist in our country in an abundance which Providence has vouchsafed to no other people. What we need to do is to rescue them from governmental folly and rapacity.

SAMUEL J. TILDEN.

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APPENDIX.

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WHOLE AMOUNTS OF ISSUES EXISTING AT THE DATES SPECIFIED.

	1871. Oct. 2.	1872. Oct. 3.	1873. June 13.	1873. Sept. 12.	1873. Oct. 13.	1873. Nov. 1.	1873. Dec. 26	1874. oct. 2.	1875. Oct. 1.
National Bank Notes	$315,519,117	$333,495,027	$338,788,504	$339,081,799	$341,582,601	$342,350,844	$341,320,256	$333,225,298	$318,350,379
State Bank Notes	1,921,056	1,567,143	1,224,470	1,188,853	*1,150,000	*1,150,000	1,130,585	964,997	772,348
	Oct. 1.	Oct. 1.	May 31.	Oct. 1.	Sept. 30.	Oct. 31.	Dec. 31.	Oct. 1.	
Legal Tenders and Demand Notes.	$356,093,056	$356,086,152	$356,082,622	$356,079,742	$356,079,742	$360,952,206	$378,431,339	$382,075,407	$374,010,956
Fractional Currency	38,567,175	40,480,437	45,276,642	46,229,392	46,229,391	47,876,149	48,514,792	46,731,018	40,783,575
	$712,100,404	$731,628,759	$741,372,238	$742,579,786	$745,041,734	$752,329,199	$769,446,972	$762,996,720	$733,917,258

AMOUNTS HELD BY THE ISSUERS.

	Oct. 2.	Oct. 3.	June 13.	Sept. 12.	Oct. 13.	Nov. 1.	Dec. 26.	Oct. 2.	Oct. 1.
National Bank Notes in banks	$14,270,951	$15,787,296	$20,394,772	$16,103,842	$18,091,961	$18,770,952	$21,403,179	$18,450,013	$18,528,837
Legal Tender Notes in banks	106,987,666	102,074,104	106,381,491	92,347,663	81,510,202	94,047,221	108,719,506	80,016,946	76,458,734
		Oct 1.	May 31.	Oct. 1.	Sept. 30.	Oct. 31.	Dec. 31.	Oct. 1.	
Certificates in banks for legal tenders on special deposit in treasury		$15,630,000	$29,125,000	$11,250,000	$11,250,000	$8,875,000	$36,720,000	$56,350,000	60,660,000
Legal tenders on special deposit in treasury to redeem bank notes								20,349,950	16,233,102
	Oct. 2.	Oct. 3.	June 13.	Sept. 12.	Oct. 13.	Nov. 1.	Dec. 26.	Oct. 2.	
Fractional currency in banks	$2,095,485	$2,151,748	$2,197,559	$2,302,775	$2,315,530	$2,243,027	$2,287,454	$2,224,943	2,595,631
	Oct. 1.	Oct. 1.	May 31.	Oct. 1.	Sept. 30.	Oct. 31.	Dec. 31.	Oct. 1.	
Currency in treasury	$16,993,782	$8,499,193	$6,065,799	$3,289,032	$3,289,032	$4,312,155	$4,277,851	$16,115,840	4,790,352
Totals	$140,347,884	$144,142,341	$164,164,621	$125,293,312	$116,456,725	$128,248,355	$173,407,990	$193,507,692	$179,266,656

AMOUNT IN THE HANDS OF THE PUBLIC.

	$571,752,520	$587,486,418	$577,207,617	$617,286,474	$628,585,009	$624,080,844	$596,038,982	$569,489,028	$554,650,602

* Estimated.

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Clearing-house loan certificates, 1873.

	Sept. 23.	Oct. 15.	Nov. 1.	Dec. 26.
Clearing-house loan certificates, New York	$6,650,000	$20,560,000	$20,315,000	$23,380,000
Other cities	.....	Oct. 13. $8,782,400	10,363,775	....

NOTE.

1. In September, 1873, when the financial storm broke, the issues were, at the largest amount they had reached — ten millions more than in October, 1872, and thirty millions more than in October, 1871; and the public held thirty millions more than in 1872, and forty-six millions more than in 1871.

2. From September 12th to October 13th, the issues increased two and a half millions of bank notes; the banks lost eight and three-quarter millions; the public absorbed eleven and one-quarter millions of currency.

3. From October 13th to November 1st, the issues were increased by five millions of legal tenders from the treasury, one and a half of fractional currency, and by one of bank notes, making seven and a half millions; the public lost four and a half millions; the banks gained twelve millions.

The tide had turned; the outflow from the banks had continued sometime after the panic; the influx had now begun.

4. From November 1 to December 26 the issues were increased by eighteen millions of legal tenders and fractionals from the treasury. The banks gained forty-three millions of legal tenders and three millions of bank notes; the public lost twenty-eight millions.

5. In the next nine months, to October 1, 1874, the treasury issued three and one-half millions of legal tenders, and took in one and three-fourths millions of fractional currency. The banks canceled eight millions of their notes, and to cancel more deposited twenty millions of legal tenders. The currency existing fell six

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and a half millions; the currency held by the public fell twenty-six and one-half millions.

6. From October 1, 1874, to October 1, 1875, the treasury had made no reduction of the legal tenders except to withdraw eight millions on issuing ten millions of bank notes. The cancellation of bank notes was twenty-five millions. The currency in the hands of the public was diminished fifteen millions.

Finally, all through this process, the features have been: 1st. The compulsory currency of the government has been, from time to time, increased or kept stationery, except in one instance when eight millions was withdrawn to be replaced by ten millions of bank notes. 2d. The voluntary currency of bank notes has been diminishing by voluntary cancellation.

3d. But the principal reduction has been by the public, in refusing to use the existing currency, and leaving it to accumulate in the banks. There was seventy-four millions less held by the public October 1, 1875, than October 13, 1873. There was sixty-five millions more in the banks. On the 1st of October, 1875, they could lawfully pay out or lend sixty millions more, if it would be taken and held by the public. During all this time call loans of bankers' balances have been at very low rates, even at the season of the year when they are generally in demand at high rates. There has been a plethora of currency, and a continuous fall of prices.

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